

Annual Report 2015

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Part Two

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QUILVEST

is a public financial holding company whose activities are in the wealth management and private equity business.

QUILVEST

was incorporated in Paris on 20 September 1888. The Group established in Luxembourg in 1960. Since the spin-off of the industrial activities in 1991, it has solely focused on managing financial assets with private banks in Switzerland - established in 1932, in France - established in 1917 and in Luxembourg which combined its activities in 2011. QUILVEST's global Private Equity activities date back to 1972.

QUILVEST

consists of almost 400 professionals with offices in Luxembourg, New York, Zurich, Geneva, Paris, Dubai, London, Hong Kong, Singapore, Ghent and Santiago de Chile.

List of Directors and Group Management

| | |
|------------------------------|---|
| Honorary Chairman | Julio E. Nuñez |
| Board of Directors | |
| Chairman | Christian Baillet |
| Directors | F. Michel Abouchalache (until 12 June 2015) Peter Bemberg (until 12 June 2015) Serge de Ganay André Elvinger (until 12 June 2015) Philippe Hoss (as from 12 June 2015) Robert Kneip François Manset Stanislas Poniatowski Alvaro Sainz de Vicuña International Advisory Services (represented by Christian Baillet) Vauban Participations S.A. (as from 12 June 2015) (represented by Norbert Becker) |
| Audit Committee | François Manset, President Christian Baillet Norbert Becker |
| Compensation Committee | Serge de Ganay, President Christian Baillet Stanislas Poniatowski |
| Group Committee | Christian Baillet, President Serge de Ganay François Manset Stanislas Poniatowski Alvaro Sainz de Vicuña |
| Executive Management | CEO Quilvest Wealth Management Marc Hoffmann CFO Quilvest Group & Secretary General Jean-Benoît Lachaise CEO Quilvest Private Equity Guy Zarzavatdjian |
| Statutory and Group Auditors | KPMG Luxembourg, Société Coopérative |

Chairman's Statement

The environment has been difficult in 2015 in particular at the end of the year where there have been some severe corrections in most of the markets and in particular in the emerging world.

In addition, during the year 2015 the currency fluctuations have been significant and, in general terms, the assets outside of the US zone have suffered negatively when computed in dollars.

As a result, the performance of Quilvest has been flat for 2015 in spite of the fundamentals which have remained solid in private equity and good in wealth management.

The portfolio of Private Equity had a fair performance in general with no significant problems. Because of the macro economic environment we have been very cautious and made no new significant investment. We took advantage of an opportunity to sell our largest investment Yo! Sushi at almost two times cost.

In addition, the activity in Real Estate has continued to be solid with some new investments in particular in the US.

The Wealth Management had a very good year in Euro with record profit in Luxembourg and in Switzerland. In addition, France has recovered and is now making a small profit. But it has been penalized by the currency effect.

All those efforts have led to reach \$ 28.6 billion of assets under management and under custody, which put us clearly on the European map in private banking. We have continued our geographical development by starting activities in Chile and in Belgium, which are already promising.

All those facts lead us to good expectations for the future of Quilvest but we will remain subject to macro-economic trends and financial markets, which are very volatile.

At the Board level, in June 2015, we have welcomed two new Board members based in Luxembourg, Philippe Hoss and Norbert Becker, the latter representing Vauban Participations and, we are now about to welcome Jean-Louis Schiltz, all being very well known in the Luxembourg business community. In addition two young international talents, Gonzalo Tanoira, based in Argentina, and Robin Filmer-Wilson, based in London, are also about to join the board. We are certain that the contribution of those five new members will be very significant for the years to come.

On that topic, I wish to express my sincere thanks to Serge de Ganay who is leaving the Board after 15 years of intense and outstanding activities. In particular, his involvement has been key in private banking in France and in Luxembourg and he has contributed to fortify the image of the Group vis-a-vis our clients and our partners.

I wish also to thank the Board members who have led the company with a lot of wisdom and who have engaged in long term strategic brainstorming for the benefit of all shareholders in the years to come.

I take this opportunity to stress the hard work of the professionals and employees who have been very reactive and very committed to protect the interest of the shareholders, sometimes in a difficult environment.

Luxembourg, 27 April 2016

A handwritten signature in black ink, consisting of the letters 'CB' followed by a stylized, elongated flourish that extends to the right.

Christian Baillet

Chairman of the Board of Directors

Executive Management's Statement

2015 was an additional year of near-zero GBP growth in the Eurozone, while the US economy's growth improved slightly on the previous years. Interest rates are historically low and the slump on oil prices weighted not only on the oil exporting countries. This more and more integrated and uncertain macro-economic environment leads investors to look first and foremost for security, stability, long term view, and wealth preservation. Quilvest meets those expectations, adding a permanent search for alpha in both business lines of the group, wealth management and private equity.

On its Wealth Management side, despite the low interest rate environment, all Quilvest banks showed again a significant increase in profitability ratios, driven by higher commission income, in particular during the first semester as they benefited from favorable financial markets. The Belgian branch of CBP Quilvest, the Luxembourg bank, launched in December 2014 had a positive development and shows a positive outlook. The Group expanded its geographical footprint with a new subsidiary in Chile, one of the fastest growing Latin American economies, to offer investment advisory and reporting services. In Luxembourg and France, the investment fund asset management business was consolidated into one single entity after receiving all necessary regulatory approvals and licenses.

Our Private Equity team was very active over the past year. The Lead deals team successfully exited two investments (Yo! Sushi and partially Anthony's Coal-Fired Pizza), and made the first investment of our USD 300 million "Club Fund" in Sogetrel, the leading French player in the fast-growing communications and connectivity industry, with sales of EUR 250 million per year. Since receiving its license from the US Small Business Administration in May 2015, QS Capital Strategies has invested in three additional transactions. Developed and emerging markets funds teams have successfully deployed US 250 million in 19 hard-to-access funds around the world, as well as 4 new co-investments for a total of USD 24 million. The Real Estate team closed five direct deals for a total of USD 135 million and committed USD 54 million to five funds. Finally, we continued work in implementing a top-ranked front-to-back information system; the first phase of three has been successfully executed and is now live.

Looking ahead to the next year, we will launch the next generation of our flagship funds programs in private equity and real estate, which incorporate significant innovations. Despite a challenging macro environment, the investment pipeline for our various funds and direct investment programs remain strong, with many promising investment opportunities. The Consulting team is now working for four major clients, and continues to develop the business.

The profit for the year amounted to 74m\$ in 2015 versus 61m\$ in 2014. The management estimate of the Group net asset value (the NAV) growth was limited to 1% in 2015 (ex-dividend distributed in 2015), mainly as the value creation on both above mentioned exited lead private equity investments were already partly recognized in the NAV of previous exercises.

The global positive net cash contribution of our fund of funds investments combined with the exits in 2015 of two of our controlled Private Equity investments and the partial sale of five of our oldest QS PEP fund of fund vintages in late 2014 allowed us to anticipatory reimburse part of the corporate banking debt in 2015, while reaching a corporate net debt position progressively approaching 0.

Luxembourg, 27 April 2016

A black ink signature consisting of a large, stylized 'M' followed by a horizontal line.

Marc Hoffmann
CEO Quilvest Wealth
Management

A blue ink signature consisting of a large, stylized 'R' followed by a horizontal line.

Jean-Benoît Lachaise
Group Chief Financial Officer

A blue ink signature consisting of a large, stylized 'G' followed by a horizontal line.


Guy Zarzavatdjian
CEO Quilvest Private Equity

Executive Management Responsibility Statement

Consolidated Financial Statements

We, Marc Hoffmann, Jean-Benoît Lachaise and Guy Zarzavatdjan, members of the Executive Management confirm, to the best of our knowledge, that the consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the QUILVEST Group and the undertakings included in the consolidation taken as a whole and that the Directors' report includes a fair review of the development and performance of the business and the position of the QUILVEST Group and the undertakings included in the consolidation taken as a whole.

Luxembourg, 27 April 2016



Marc Hoffmann
CEO Quilvest Wealth
Management



Jean-Benoît Lachaise
Group Chief Financial Officer



Guy Zarzavatdjan
CEO Quilvest Private Equity

Separate Financial Statements

We, Marc Hoffmann, Jean-Benoît Lachaise and Guy Zarzavatdjan, members of the Executive Management confirm, to the best of our knowledge, that the separated financial statements which have been prepared in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, give a true and fair view of the assets, liabilities, financial position and profit or loss of Quilvest S.A..

Luxembourg, 27 April 2016



Marc Hoffmann
CEO Quilvest Wealth
Management



Jean-Benoît Lachaise
Group Chief Financial Officer



Guy Zarzavatdjan
CEO Quilvest Private Equity

Group Highlights

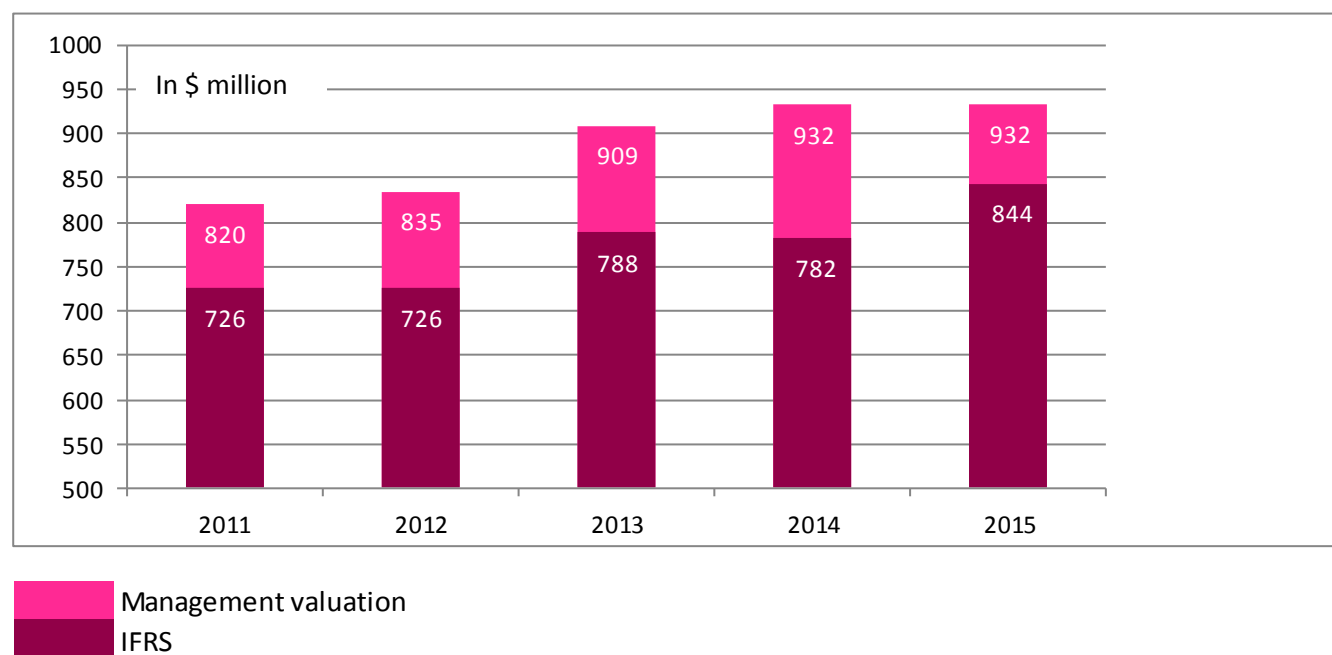
Group Highlights

| In \$ million | 2014 | 2015 |
|--|-----------|-----------|
| Total assets (IFRS) | 4 498,0 | 3 980,0 |
| Total liabilities (IFRS) | 3 411,1 | 2 852,2 |
| Group equity- shareholders of the parent (IFRS) | 782,2 | 843,9 |
| Restatement of goodwill Wealth Management | 52,4 | 56,7 |
| Restatement of goodwill Private Equity | 39,2 | 40,3 |
| Accounting policy differences | 58,2 | (8,6) |
| Net asset value (Management valuation) | 932,0 | 932,4 |
| Group net result (IFRS) | 40,0 | 65,5 |
| In \$ | | |
| Group net basic earnings per share (IFRS) | 6,0 | 9,9 |
| Group net asset value per share (IFRS) | 117,5 | 126,8 |
| Net asset value per share (Management valuation) | 140,0 | 140,1 |
| Total shares issued as of reporting date | 6 656 000 | 6 656 000 |

“Net asset value (Management valuation)” differs from “Group equity (IFRS)” on the following points mainly: Management valuation includes a restatement of goodwill arising on Quilvest Switzerland, Quilvest Banque Privée, CBP Quilvest and Quilvest & Partners based on the volume and nature of third-party assets under management. The accounting policy differences relate mainly to (i) the valuation of the controlled Private Equity investments at fair value, which are fully consolidated in the IFRS consolidated financial statements, (ii) the de-recognition of deferred tax liability arising from the revaluation of land and buildings in Quilvest France and (iii) the revaluation of treasury shares presented in equity under IFRS.

Key figures

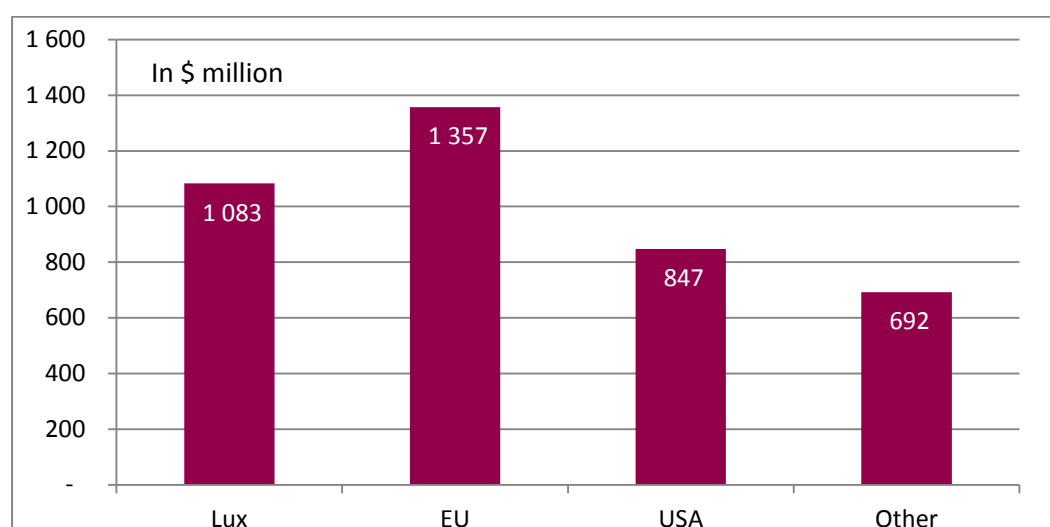
Group Net Asset Value (in \$ million)



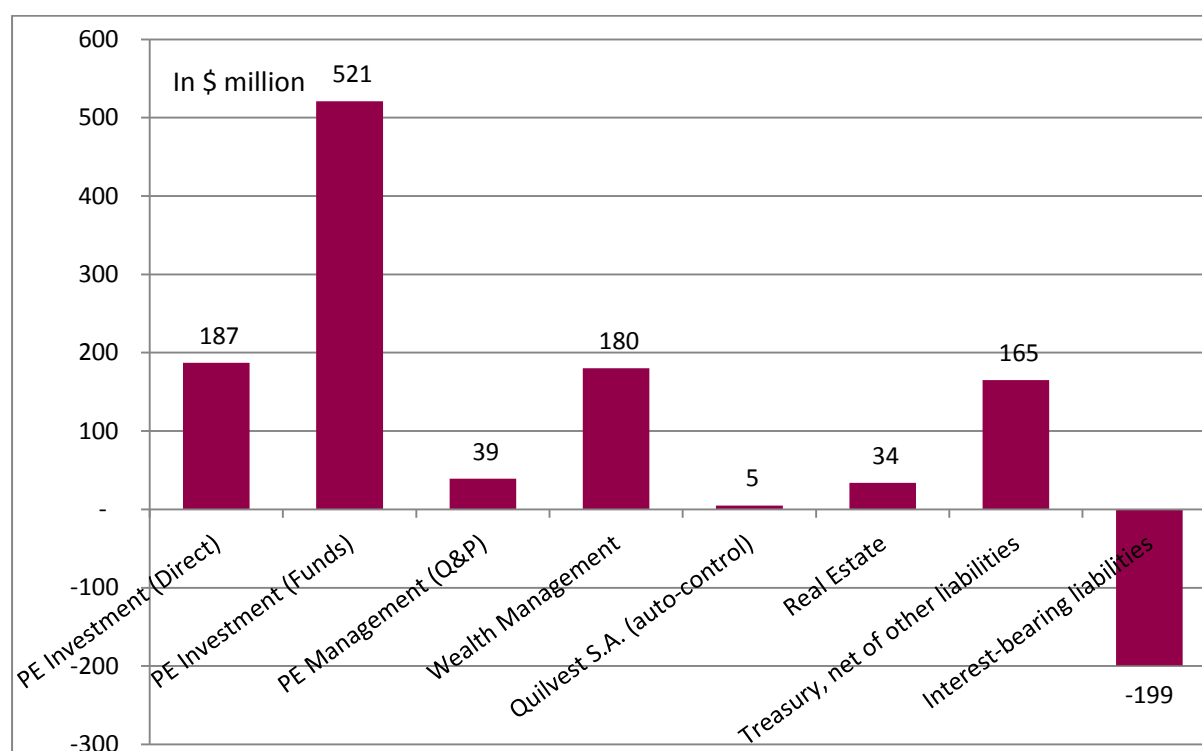
NAV per share - five years evolution

| in USD | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------|-------|-------|-------|-------|-------|
| NAV/share- Management valuation | 123,3 | 125,4 | 136,5 | 140,0 | 140,1 |
| NAV/share- IFRS | 109,1 | 109,1 | 118,4 | 117,5 | 126,8 |

Geographical distribution of Assets as at 31 December 2015



Distribution by business of Net Asset Value as at 31 December 2015



Private Equity

List of Largest Direct Investments

Non-controlled private equity portfolio

| (in \$ million) | Region | Investment date | Management valuation |
|--|------------|-----------------|----------------------|
| Command Alkon | USA | 2005 | 26,5 |
| Intarcia | USA | 2007 | 21,7 |
| Crown laundry | USA | 2014 | 10,0 |
| Neotract | USA | 2009 | 8,1 |
| Algeco/Scotsman | Benelux | 2005 | 6,6 |
| San Miguel Industrias PET | USA | 2013 | 7,2 |
| Mexican Grill | UK | 2011 | 5,0 |
| Greystone properties | USA | 2014 | 3,5 |
| Kismet (SKS) | India | 2007 | 4,8 |
| Multiplan II | USA | 2014 | 4,5 |
| Mathews | USA | 2011 | 2,8 |
| Radiation Therapy Services | USA | 2008 | 3,6 |
| Pay-o-Matic | USA | 2008 | 3,7 |
| Anthony's Pizza | USA | 2011 | 3,5 |
| E-Pak | Asia | 2001 | 3,3 |
| Intrinsic Therapeutics | France | 2007 | 3,5 |
| Towry | UK | 2013 | 3,1 |
| Delteck | USA | 2012 | 3,0 |
| Alliant Group | USA | 2013 | 3,2 |
| Tiendas 3 B | Mexico | 2011 | 2,6 |
| Schur Flexibles (ex Conflex) | Denmark | 2011 | 3,3 |
| Alex brands | USA | 2013 | 2,3 |
| Comess | Spain | 2000 | - |
| Findis | France | 2011 | 2,1 |
| Gamo outdoor | USA | 2013 | 1,7 |
| PF Chang's | USA | 2012 | 1,8 |
| Aminoagro | Brazil | 2013 | 1,9 |
| Shock Doctor | USA | 2015 | 2,3 |
| Walnut Co Investors | USA | 2015 | 1,7 |
| LeasePlan | UK | 2015 | 1,9 |
| Azulev | Spain | 1999 | 2,5 |
| Wholesome Sweeteners | USA | 2012 | 1,1 |
| BCI | USA | 2013 | 1,1 |
| Digital Bridge Mexico | USA | 2014 | 1,1 |
| FCI | USA | 2013 | 1,1 |
| Vanksen | Luxembourg | 2011 | 0,5 |
| Atria Convergence | India | 2015 | 1,2 |
| Other direct investments | | | 8,4 |
| Total non-controlled private equity portfolio | | | 166,2 |

Controlled private equity portfolio

| (in \$ million) | Region | Investment date | Management valuation |
|--|-------------|-----------------|----------------------|
| Acrotec | Switzerland | 2012 | 9,9 |
| Hill & Valley Group | USA | 2005 | 4,6 |
| STP Products Group | USA | 2011 | 6,3 |
| Total controlled private equity portfolio | | | 20,8 |
| Total direct private equity investments | | | 187,0 |

List of Largest Funds Investments

Third-party funds portfolio

| (in \$ million) | Region | Investment date | Management valuation |
|--|--------------|-----------------|----------------------|
| MCH Iberian Capital Fund II | Spain | 2005 | 7,6 |
| MCH Iberian Capital Fund III | Spain | 2005 | 6,1 |
| Synergia | Italy | 2005 | 4,2 |
| TA Atlantic & Pacific VI | USA | 2008 | 2,0 |
| TPG Partners VI | USA | 2008 | 1,6 |
| Catterton Partners V | USA | 2004 | 1,6 |
| Bain Capital Europe Fund III | USA / Europe | 2002 | 3,8 |
| Blackstreet Capital Partners | USA | 2004 | 1,3 |
| Bain Capital Fund X | USA / Asia | 2002 | 1,5 |
| Développement et Partenariat IV | France | 2006 | 0,4 |
| H.I.G. Investment Group II | Asia | 2002 | 0,4 |
| GS PEP 2000 Offshore | USA | 2000 | 0,5 |
| GS PEP Technology Fund 2000 | USA | 2000 | 0,3 |
| Sterling Capital Partners | USA | 2003 | 0,2 |
| Sun Capital Securities | USA | 2004 | 0,2 |
| GS Vintage II | USA | 2000 | 0,2 |
| Acto FCPR (ex Finama) | France | 2002 | 0,1 |
| Total third-party funds portfolio | | | 32,0 |

Fund of funds portfolio

| (in \$ million) | Investment date | Management valuation |
|--------------------------------------|-----------------|----------------------|
| QPE PEP 2008 | 2008 | 53,3 |
| QS GEO PEP 2 | 2011 | 29,8 |
| QPE PEP 2011 | 2011 | 54,2 |
| QS GEO PEP | 2007 | 42,7 |
| QS REP | 2009 | 40,8 |
| QPE PEP 2009 | 2009 | 34,9 |
| QPE PEP 2010 | 2010 | 32,5 |
| QPE PEP 2007 | 2007 | 20,6 |
| Quilvest Ventures 2 | 2007 | 24,6 |
| QPE PEP 2006 | 2006 | 19,0 |
| QPE PEP 2012 | 2012 | 27,1 |
| QS REP 2 | 2012 | 27,8 |
| Quilvest Energies | 2010 | 19,1 |
| QOL PEP 2005 | 2005 | 10,5 |
| QPE PEP CORE | 2013 | 31,7 |
| QOL PEP 2004 | 2004 | 5,7 |
| QS PEP 2002 (investor shares) | 2002 | 3,9 |
| QOL PEP 2003 | 2003 | 4,6 |
| Other fund of funds | | 5,8 |
| Total fund of funds portfolio | | 488,6 |
| Total funds investments | | 520,6 |
| Goodwill | | 40,3 |

Wealth Management and Corporate

Strategic and Treasury portfolio

| In \$ million | Management valuation |
|---|----------------------|
| Quilvest Wealth Management | 179,9 |
| Quilvest & Partners | (1,0) |
| Quilvest S.A. (auto-control) | 4,6 |
| Real Estate | 33,5 |
| Treasury portfolio (net of debt) | (34,0) |
| Total Strategic & Treasury portfolio | 183,0 |

Capital & regulatory requirements

Quilvest is not subject to capital constraints.

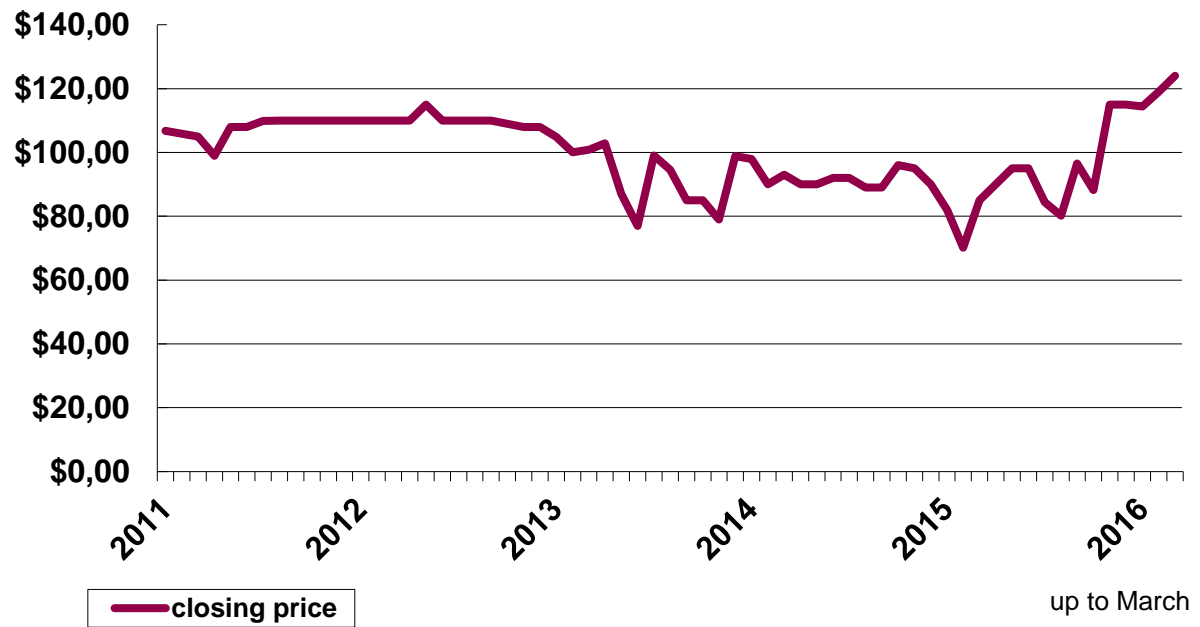
Each credit institution of the Group (together the "QWM Group") is subject to capital adequacy requirements by its respective supervisory authority. During the year ended 31 December 2015, no breach was reported.

QWM Group respects all regulatory requirements related to regulatory capital since its inception and monitors the evolution of its solvency ratio on a quarterly basis.

As of 31 December 2015, the capital adequacy ratio of the QWM Group was as follows:

| In \$ million | QWM group |
|--|--------------|
| Regulatory capital | 93,4 |
| Capital required for credit risks | 31,5 |
| Capital required for market risks | -- |
| Capital required for operational risks | 12,2 |
| Capital required for other risks | 0,2 |
| Total capital charge | 43,9 |
| Capital adequacy ratio 2015 | 17,1% |

Stock price evolution



Corporate Governance

Quilvest S.A. (the “Company” or the “parent company”) and its subsidiaries (collectively, the “Group” or “Quilvest”) adopted its Corporate Governance Charter on 4 June 2007. The charter has been updated on 8 June 2012. An exhaustive version is available on the website of the Company.

Compliance statement

Quilvest follows the Ten Principles of Corporate Governance as defined by the Luxembourg Stock Exchange.

The principle related to the evaluation of the performance of the Board of Directors was implemented in 2008 and the third edition-revised version was issued in May 2013. The self-assessment process includes the Audit Committee and the Remuneration Committee.

The self-assessment performed by the Audit Committee members confirmed the adequacy of the organization with the objectives of the committee and did not lead to relevant change.

The Board of Directors

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

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

Members of the Board of Directors are the following:

- Christian Baillet, Chairman of the Board of Directors (Independent Director)
- Serge de Ganay
- Philippe Hoss (Independent Director)
- Robert Kneip (Independent Director)
- François Manset
- Stanislas Poniatowski
- Alvaro Sainz de Vicuña
- International Advisory Services, represented by Christian Baillet
- Vauban Participations, représentée par Norbert Becker

Jean-Benoît Lachaise acts as Secretary.

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

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

The Board of Directors is supported in its work by three special-focus committees of which it appoints the members and the Chairman: the Audit Committee created in 2002, the Remuneration Committee created in 2005 and renamed Compensation Committee in 2014 and the Group Committee created in 2011 (formerly Strategic Committee). No Nomination Committee has been created as relevant decisions are taken directly by the Board of Directors.

The Board of Directors held five meetings during the financial year 2015. The attendance rate at the meetings was 92% in average. The members of the Board of Directors assess in the yearly self-evaluation the appropriateness of the time they dedicated to fulfil their duties considering their other professional commitments.

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

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

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

The Board of Directors considers that it has fully complied with these obligations.

Training and development

Members of the Board of Directors are to be and to remain qualified. The Group ensures Directors understand the duties and responsibilities of being a director of a listed company.

All Directors are required to update their skills and maintain their familiarity with the Group and its business continually.

On a regular basis, presentations on different aspects of the Group's business are made to the Board of Directors and its members have the opportunity to meet with the Senior Management.

The Audit Committee

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

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

- Performs a quality review of the annual and interim consolidated financial statements and the annual accounts of the company submitted by the Senior Management, prior to their examination by the Board of Directors;

- Reviews and challenges the critical and significant accounting policies and disclosure of any unusual transactions;
- Reviews the findings and financial adjustments, and appraises the management letter of the external auditors;
- Conducts the process for the selection of the Group external auditors in charge of the audit of the consolidated financial statements, forms an opinion on the amount of fees charged for the performance of audits and submits the results of the selection process to the Board of Directors.

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

In relation to its responsibility to optimize the internal control system within the Group, the Audit Committee gives its opinion on the organization of the internal audit function, reviews the group internal audit planning and receives a summary of internal audit reports on a regular basis.

Members of the Audit Committee are the following:

- François Manset, President of the Committee
- Christian Baillet, Chairman of the Board of Directors (Independent Director)
- Norbert Becker, member of the Audit Committee (Independent Director)

The Audit Committee met four times in 2015. The attendance rate was 92%. Group auditors were present twice including the valuation committee meetings. The work was particularly concerned with the following points:

- Group internal audit ;
- Group internal control system ;
- Risks' matrix review ;
- Compliance ;
- IFRS consolidated financial statements, with an yearly specific committee early March dedicated to the review of valuations of Private Equity investments ;
- Group internal and external auditors' recommendations ;
- Group external auditors' fees.

The Audit Committee members assess on a yearly basis the effectiveness of the Committee, of the external and internal audit functions and the needs of information and training. In 2015, specific highlights covered the follow-up of the new regulations mainly related to the registration as investment adviser in the US.

The Compensation Committee

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

Serge de Ganay is the President. The Compensation Committee met four times in 2015 with all the members being present. It reviewed early 2015 in particular the objectives of each senior manager and how it assess the performance in regard to the objectives. More globally, the amount of bonus was decided taking into account how individual objectives were met and how globally the performance of the business could be analyzed compared to benchmark and competitors. Finally, the process of HR review and long-term incentive was discussed to make sure it is always aligned with the long-term objectives of Quilvest and the interests of its shareholders.

The Group Committee

The Group Committee met five times during 2015. The purpose of the Group Committee is to review regularly the business environment in the geographical places where Quilvest is involved and in the various business sectors where Quilvest is investing. By inviting the key executives, Quilvest is refining its medium-term strategy and makes sure it takes advantages of investment opportunities in line with development of all businesses. Corporate, regulatory and financial matters are also discussed. All members of the Committee were present at the meetings. Minutes of those meetings were systematically prepared to summarize the key recommendations and to provide a framework for the Board of Directors to take decisions and for the management to implement them.

Share Capital

As of 31 December 2015, the Company has an authorized share capital of USD 100,000,000, consisting of a single class represented by 14,794,520 shares without par value, such number including the 6,656,000 shares without par value of the subscribed share capital of USD 44,989,630. All of the issued shares are paid-up in full. The shares are registered or bearer, at the option of the shareholder.

Information on own shares are disclosed in note 22 to the consolidated financial statements and note 5.3 to the annual accounts.

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

All or any of the rights attached to the Shares may from time to time (whether or not the Company is being wound up) be amended by decision of the extraordinary general shareholders' meeting in the manner required for the amendment of the Company's articles of incorporation. Any provisions of the Company's articles of incorporation may be amended by resolution of the shareholders at an extraordinary general shareholders' meeting.

Changes in Share Capital

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

Ownership threshold

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

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

For such purpose the Board of Directors may:

- decline to issue any share and decline to register any transfer of a share, where it appears that such issue or transfer would or might result in record or beneficial ownership of such share by a person who, by infringement of the provisions set forth above, would hold more than 15% of the shares of the Company;
- at any time require any person whose name is entered in, or any person seeking to register the transfer of shares on the register of shareholders to furnish the Company with any information which it may consider necessary for the purpose of determining whether or not record or beneficial ownership of more than 15% of the shares of the Company rests or will rest on such person;
- decline to pay dividends or other distributions to and refuse the admission and the vote at general meetings of shareholders of any person to the extent that such person holds more than 15% of the shares of the Company.

Major Shareholders

A number of individual shareholders are descendants of the Bemberg family, the Company's founders. However, there is no natural or legal person who, to the knowledge of the Company, directly or indirectly, severally or jointly, has exercised or is exercising control of the Company. There is no agreement, known to the Company, binding its shareholders. As at 31 December 2015, four companies declared, pursuant to the Luxembourg transparency law of January 11, 2008, to hold more than 5% of the voting rights of the Company. Arconas Holding Limited declared holding 15.86% of the voting rights, Lagel Limited declared holding 9.91%, Quilvest Strategic Fund S.C.A. SIF declared holding 16.99% and Charmilla Limited declared holding 5.19%.

There are no different voting rights for the major shareholders.

Insider Dealing

Any director and/or employee of the Group who wishes to deal in Quilvest securities must obtain prior written permission from the Group Compliance Officer or the Group Chief Financial Officer.

As an exception to the rule, the first four months of the first semester and the first two months of the second semester of each year are defined as closed periods, where no director or employee is allowed to carry out transactions in Quilvest securities.

Directors' report

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

Directors

The Directors of the Company who held office during the financial year are listed in the General section of the Annual Report.

Main activities

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

Risk Management

The Group identifies its major risks for each of its business activities, namely wealth management and private equity, and also for the corporate activities.

Each bank of Quilvest Wealth Management (QWM) manages its risks locally, within a strict regulatory frame and under the supervision of QWM, which monitors the consolidation of the risks identified and their measurement and mitigation when appropriate. The business segregation between the wealth management and the private equity allow risk management policies which are disconnected between the business lines.

The private Equity classifies its risk in different categories : per activity, per process, per function and per entity. A new format of the risk matrix has been implemented for the year 2015, has been discussed in the Audit Committee and is expected to be approved by the Board of Directors during 2016.

Globally, the Group identifies and classifies its risk in 3 categories: external and regulatory risks, financial risks, and operational risks.

During the year 2015, numerous regulatory developments affected the Group's activities, impacting risks, and are monitored closely, such as:

- The changing regulatory constraints on liquidity of banks;
- The Alternative Investment Fund Managers Directive ("AIFMD") triggered new decision making and marketing processes with respect to most of our Private Equity investments with an increased involvement of Quilvest Asset Management S.A., the Quilvest Group AIFM;
- The Euro-CRS Directive (implemented in Luxembourg law in December 2015) now requires Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report the financial account information of the asset holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis. The first exchange of information will be applied by 30 September 2017 for information related to calendar year 2016;
- One of our U.S. entities, Quilvest Management LLC, became licensed as an "Investment Registered Advisor" by the Securities and Exchange Commission, which allows it to provide investment advice to other Quilvest Group entities.

Financial risks, consisting of credit risk, liquidity risk and market risk, as well as operational risks are described extensively in Note 28 to the consolidated financial statements.

Business review

In addition to the business review below, the following sections are an integral part of the Director's report:

- Situation of the business including the Net Asset Value of the Group at the end of the year ("Group Highlights" of the General section of this Annual Report);
- Trends and factors likely to affect the future development, performance and position of the business and review of the Company business in the "Executive Management's Statement" of the General section of this Annual Report);
- The Corporate Governance report in the General section of this Annual Report includes the sections of the business review in respect of:
 - Role and activities of the Audit Committee;
 - Role and activities of the Remuneration Committee;
 - Role and activities of the Group Committee;
 - Composition and changes of share capital and major shareholders.

Business Review and Outlook

For the private equity, 2015 was globally the new record year for distributions to our investors and an average year in term of fund raising and performance. Leveraging of industry tailwinds and prior year secondary market sale momentum, we arranged a liquidity window in 2015, following the operation in note 2014 on the developed markets funds of funds programs PEP which was settled partly in 2015, for a portion of our limited partners' interests in our emerging markets funds of funds programs GEO. During the year, our active funds of funds programs made new commitments for USD 381 million to select managers, securing stakes in a number of much coveted and oversubscribed funds. We returned USD 348 million to the limited partners of our funds of funds driven by the performance of our earlier PEP vintages but also with increasing contribution from emerging markets and real estate programs. Towards the end of the year we also started the groundwork for the launching of the new vintages of our developed markets, emerging markets and real estate flagship programs.

On the direct investments side, we also made the most of the 2015 market dynamics, selling two controlled private equity investments, Anthony's Coal Fired Pizza and Yo!Sushi and underwriting a lead investment opportunity in France for our Club program. Our direct investment vehicles participated in several promising real estate and emerging markets co-investment opportunities as well as in an accretive follow-on investment of one of our milestone US lead deals. The direct investment activities are expected to increase in 2016, with attractive investment opportunities currently in the pipelines, in line with a strategy more focused on the performance than on absolute growth of the assets.

The Wealth management increased its net profit expressed in EUR in 2015. All banks increased their profitability ratios despite the low or even negative interest rate environment, taking advantage from favorable financial markets in the first semester 2015 and assets under management global growth. If the financial markets remain favorable, the growth of asset under management is expected to continue in 2016 with the successful opening of the Belgian branch of our Luxembourg bank in December 2014 and with the promising new subsidiary of our Swiss bank in Chile launched in September 2015.

Financial review

At 31 December 2015, total assets included in the Statement of Financial Position were USD 4.0 billion as compared with USD 4.5 billion in 2014. The consolidated result of the period is a profit of USD 73.5 million, of which the Group share is USD 65.5 million.

The main components in the Consolidated Statement of Financial Position are:

- Investments decreased from USD 1,489.6 million to USD 1,423.9 million. This results from the combined effect of :
 - o on the wealth management portfolio, a net decrease of the bond portfolio (whether classified as financial assets available-for-sale or as financial assets at fair value through profit and loss);
 - o on the private equity portfolio, a net decrease mainly due to a secondary sale of GEO II and an exit from Del Monte.
- Property, plant and equipment decreased to USD 96.2 million (2014: USD 145.5 million), mainly due to exits from the controlled private equity investments;
- Intangible assets decreased due to Goodwill disposal with the exit from two controlled private equity investments. An impairment analysis on the remaining Goodwill has been conducted and no impairment loss was recognized (2014 : Nil).
- On the wealth management side, amounts owed from banks and bank customers increased to USD 1,204.7 million (2014: USD 1,152.7 million). Deposits from banks and bank customers decreased to USD 2,386.3 million (2014:USD 2,694.0 million);
- Interest-bearing liabilities decreased from USD 438.9 million in 2014 to USD 303.8 million, mainly due to reimbursement of corporate debt of EUR 45 million and the exit of controlled private equity investments;
- Excluding non-controlling interests, the equity attributable to the shareholders (post-dividend) increased to USD 843.9 million (2014: USD 782.2 million), driven mainly by the net profit of the year, partly compensated by a negative impact from foreign currency translation differences.
- The change in non-controlling interests from USD 304.7 million in 2014 to USD 283.9 million is mainly resulting from the PEP vehicles partly held by non-controlling interests and by the disposals of some Controlled Private Equity investments.

From an income statement perspective, the key elements of the period are:

- Net income from private equity portfolio increased to USD 156.5 million (2014: USD 136.9 million), mainly due to gains realized on exits from controlled private equity investments. Gains on financial assets contributed to this income for USD 67.9 million (2014: USD 55.4 million). Fee income increased to USD 31.5 million (2014: USD 23.3 million). Further, income from controlled private equity investments, excluding the gain on the exits, contributed by USD 58.6 million (2014: USD 58.6 million).
- Net income from wealth management portfolio decreased to USD 103.1 million (2014: USD 106.0 million), mainly attributable to the weakening of the EUR towards USD.
- Net finance costs increased significantly to USD 13.8 million (2014 : USD 4.2 million), whereby 2014 included a non-recurring positive foreign exchange gain at the parent company level from the reimbursement of senior bonds.

Finally, the operating result is a profit of USD 95.2 million (2014: USD 71.8 million), and the net result for the period is a profit of USD 73.5 million (2014: USD 60.8 million), of which the Group share is USD 65.5 million (2014: USD 40.0 million).

Cash and cash equivalents decreased to USD 992.6 million (2014: USD 1,262.2 million). Operating cash flow directly linked to the wealth management activities remain the main contributor to operating and investing activities in 2015. Private equity investments contributed positively, mainly driven by continued strong distributions from funds and a secondary sale of GEO II.

Net cash from financing activities contributed negatively by USD 192.1 million (2014: positively by USD 55.5 million), primarily driven by corporate deleveraging and net distributions to non-controlling interests of fund of funds vehicles.

Results and dividends

The consolidated net result attributable to the shareholders of the Group is a profit of USD 65.5 million (2014: USD 40.0 million).

The statutory result of Quilvest S.A. for the year is a loss of USD 12.6 million (2014: profit of USD 20.1 million), whereby the result of 2014 was positively impacted by foreign exchange effects from refinancing its senior bonds.

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 31 December 2015, four companies had declared, pursuant to the Luxembourg transparency law of January 11, 2008, to each hold more than 5% of the voting rights of the Company. Arconas Holding Limited declared holding 15.86% of the voting rights, Lagel Limited declared holding 9.91%, Quilvest Strategic Fund S.C.A. SIF declared holding 16.99% and Charmilla Limited declared holding 5.19%.

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 in the Corporate governance sections of this report.

The shares issued by the Company 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 the parent company;

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.

Subsequent events

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

Auditors

A resolution for the re-appointment of KPMG Luxembourg, Société coopérative as Cabinet de révision agréé of the Company is to be proposed at the forthcoming Annual General Meeting to be held on 10 June 2016.

Approval

This report was approved by the Board of Directors on 27 April 2016.

Report of the Réviseur d'Entreprises agréé to the shareholders

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated 12 June 2015, 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 31 December 2015 and the consolidated statements of profit or loss, other 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 31 December 2015, 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 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 the law with respect to the Corporate Governance Statement.

Luxembourg, 28 April 2016

KPMG Luxembourg, Société coopérative
Cabinet de révision agréé



Jean-Manuel Sérís

Consolidated Statement of Financial Position

As at 31 December

| in \$ '000 | Notes | 31 December 2014 | 31 December 2015 |
|--|-------|------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | 8 | 1 262 203 | 1 026 246 |
| Amounts owed from banks and bank customers | 9 | 1 152 688 | 1 171 874 |
| Financial assets | 10 | | |
| - designated at fair value through profit or loss | | 1 051 211 | 994 167 |
| - available-for-sale | | 426 750 | 424 422 |
| - held for trading | | 11 608 | 5 290 |
| Property, plant and equipment | 11 | 145 457 | 96 243 |
| Investment property | 12 | 8 662 | 7 642 |
| Intangible assets | 13 | 149 077 | 94 921 |
| Investment in an associate | 14 | -- | -- |
| Deferred tax assets | 15 | 6 381 | 3 030 |
| Other assets | 16 | 283 969 | 156 196 |
| Total assets | | 4 498 006 | 3 980 031 |
| Liabilities and equity | | | |
| Amounts owed to banks and bank customers | 17 | 2 694 009 | 2 387 846 |
| Financial liabilities | | | |
| - held for trading | 10 | 14 512 | 7 108 |
| - interest-bearing loans and borrowings | 18 | 438 861 | 303 794 |
| Employee defined benefit obligations | 19 | 3 727 | 6 852 |
| Provisions | 20 | 2 720 | 3 583 |
| Deferred tax liabilities | 15 | 26 703 | 30 122 |
| Other liabilities | 21 | 230 530 | 112 914 |
| Total liabilities | | 3 411 062 | 2 852 219 |
| Share capital | 22 | 44 990 | 44 990 |
| Share premium | | 110 248 | 110 248 |
| Treasury shares | 22 | (4 281) | (4 031) |
| Reserves | 22 | 9 345 | 376 |
| Retained earnings | | 581 892 | 626 841 |
| Profit/(Loss) for the year – Shareholders of the parent company | | 40 028 | 65 511 |
| Total equity attributable to shareholders of the parent company | | 782 222 | 843 935 |
| Non-controlling interests | | 304 722 | 283 877 |
| Total equity | | 1 086 944 | 1 127 812 |
| Total liabilities and equity | | 4 498 006 | 3 980 031 |

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

Consolidated Statement of Profit or Loss

for the financial years ended 31 December

| in \$ '000 | Notes | 2014 | | | 2015 | | |
|---|-------|-----------------|---------------|----------------|-----------------|---------------|----------------|
| | | Core activities | CPE (Note 5) | Total | Core activities | CPE (Note 5) | Total |
| Net income from private equity portfolio | 6 | | | | | | |
| Gains / (losses) on financial assets, net | | 55 446 | -- | 55 446 | 47 915 | 19 997 | 67 912 |
| Dividend income | | 3 872 | -- | 3 872 | 389 | -- | 389 |
| Fee income, net | | 23 298 | -- | 23 298 | 31 495 | -- | 31 495 |
| Carried interest (expense) / income, net | | (4 318) | -- | (4 318) | (1 890) | -- | (1 890) |
| Net income from controlled private equity portfolio | 5 | -- | 58 582 | 58 582 | -- | 58 559 | 58 559 |
| Total – private equity portfolio | | 78 298 | 58 582 | 136 880 | 77 909 | 78 556 | 156 465 |
| Net income from wealth management portfolio | 6 | | | | | | |
| Gains / (losses) on financial assets, net | | (483) | -- | (483) | 2 667 | -- | 2 667 |
| Dividend income | | 636 | -- | 636 | 737 | -- | 737 |
| Interest income, net | | 23 552 | -- | 23 552 | 19 412 | -- | 19 412 |
| Fee and commission income, net | | 82 060 | -- | 82 060 | 80 532 | -- | 80 532 |
| Other revenues, net | | 279 | -- | 279 | (244) | -- | (244) |
| Total – wealth management portfolio | | 106 044 | -- | 106 044 | 103 104 | -- | 103 104 |
| Other operating income, net | 26 | 6 229 | -- | 6 229 | 8 978 | -- | 8 978 |
| General administrative expenses | 26 | (148 168) | -- | (148 168) | (145 522) | -- | (145 522) |
| Depreciation, amortization and impairment losses | 11,13 | (5 414) | (23 767) | (29 181) | (5 339) | (22 446) | (27 785) |
| Operating result | | 36 989 | 34 815 | 71 804 | 39 130 | 56 110 | 95 240 |
| Financial gains/ (costs), net | 27 | 5 306 | (9 446) | (4 140) | 4 552 | (18 453) | (13 901) |
| Income from associate | 14 | -- | -- | -- | -- | -- | -- |
| Profit / (Loss) before tax | | 42 295 | 25 369 | 67 664 | 43 682 | 37 657 | 81 339 |
| Income tax (expense) / credit | 15 | (5 156) | (1 662) | (6 818) | (4 615) | (3 204) | (7 819) |
| Profit / (Loss) for the year | | 37 139 | 23 707 | 60 846 | 39 067 | 34 453 | 73 520 |
| Profit / (Loss) for the year attributable to | | | | | | | |
| Shareholders of the parent company | | | | 40 028 | | | 65 511 |
| Non-controlling interests | | | | 20 818 | | | 8 009 |

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

Consolidated Statement of Other Comprehensive Income

for the financial years ended 31 December

| in \$ '000 | Notes | 2014 | 2015 |
|--|-----------|-----------------|-----------------|
| Profit / (Loss) for the year | | 60 846 | 73 520 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| Change in valuation of available-for-sale financial assets | | | |
| - Net change in fair value | 10 | 436 | (1 791) |
| - Net change in fair value recycled through profit or loss | 10 | -- | -- |
| Income tax effect | 15 | (144) | 592 |
| Foreign currency translation differences | | (22 795) | (14 027) |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | (22 503) | (15 226) |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| Gain / (loss) on property revaluation | 11 | 3 390 | 3 417 |
| Income tax effect | 15 | (1 130) | (1 139) |
| Re-measurement gain / (loss) on defined benefit plans | 19 | (1 272) | (2 536) |
| Income tax effect | 15 | 269 | 536 |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods | | 1 257 | 278 |
| Other comprehensive income / (loss) for the year | | (21 246) | (14 948) |
| Total comprehensive income / (loss) for the year | | 39 600 | 58 572 |
| Total comprehensive income attributable to: | | | |
| Shareholders of parent company | | 33 424 | 56 542 |
| Non-controlling interests | | 6 176 | 2 030 |
| Earnings per share (in \$) | 23 | | |
| Basic | | 6,0 | 9,9 |
| Diluted | | 6,0 | 9,9 |

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

Consolidated Statement of Cash Flows

for the financial years ended 31 December

| in \$ '000 | Notes | 2014 | 2015 |
|---|----------|------------------|------------------|
| Operating cash flows directly linked to the Private Equity activities | | | |
| Acquisition of private equity investments | 10 | (142 372) | (134 736) |
| Proceeds from sale of private equity investments | 10 | 128 272 | 183 561 |
| Dividends received from private equity investments | | 13 393 | 12 670 |
| Fees received, net | | 21 242 | 33 453 |
| Carried interest received, net | | 1 780 | 412 |
| Other operating cash movements related to private equity activities, net | | 11 615 | 13 335 |
| Operating cash flows directly linked to the Wealth Management activities | | | |
| Interest income, net | | 24 460 | 19 201 |
| Fee and commission income, net | | 70 680 | 64 223 |
| Cash movements in loans and advances to / from banks and bank customers, net | 9,17 | 549 904 | (177 218) |
| Other cash movements related to the Wealth Management activities | | 77 336 | 56 546 |
| Other operating cash flow movements | | | |
| Cash paid to suppliers and employees | | (134 256) | (139 349) |
| Income taxes paid | 15 | (2 618) | (2 808) |
| Net cash from other operating activities | | 37 485 | 43 958 |
| <i>Of which controlled private equity portfolio</i> | | 50 579 | 53 114 |
| Net cash provided by / (used in) operating activities | | 656,922 | (26,753) |
| Investing activities | | | |
| Proceeds / (Acquisition) of investments, net | 10 | (88 519) | (30 496) |
| Acquisition of property, plant and equipment | 11 | (32 808) | (29 972) |
| Proceeds from disposal of property, plant and equipment | 11 | 2 717 | 934 |
| Acquisition of intangible assets | 13 | (1 879) | (3 089) |
| Acquisition of subsidiaries, net of cash acquired | 7 | -- | -- |
| Disposal of subsidiaries, net of cash disposed | 7 | -- | 134 365 |
| Interests received | | 722 | 614 |
| Dividends received | | 744 | 66 |
| Net cash provided by / (used in) investing activities | | (119,023) | 72,422 |
| Financing activities | | | |
| Proceeds from interest-bearing liabilities | 18 | 377 218 | 8 495 |
| Repayment of interest-bearing liabilities | 18 | (319 718) | (84 538) |
| (Decrease)/Increase in short-term financing | | 4 282 | (8 206) |
| Proceeds from issue share capital | | -- | -- |
| Repurchase of treasury shares | | (118) | (5) |
| Contributions from non-controlling interests | | 31 086 | 24 558 |
| Distributions to non-controlling interests | | (52 736) | (90 314) |
| Transactions with non-controlling interest | | 45 813 | -- |
| Carried interest paid, net | | (408) | (681) |
| Interests paid | | (21 766) | (20 946) |
| Dividends paid | | (8 193) | (9 977) |
| Net cash provided by / (used in) financing activities | | 55,460 | (181,614) |
| Net increase / (decrease) in cash and cash equivalents | | 593,358 | (135,945) |
| Cash and cash equivalents at the beginning of the year | 8 | 808 904 | 1 262 203 |
| Effect of exchange rate fluctuations on cash and cash equivalents held | 8 | (140,059) | (100,012) |
| Cash and cash equivalents at the end of the year | 8 | 1 262 203 | 1 026 246 |
| Of which Quilvest Wealth Management sub-group | 8 | 1 207 946 | 944 995 |
| Of which controlled private equity portfolio | 5 | 15,180 | 9,449 |

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

for the financial years ended 31 December

| in \$ '000 | Share Capital | Share Premium | Treasury shares | Reserves | Retained earnings | Total attributable to owners of the parent entity | Non-controlling interests | Total Equity |
|--|---------------|----------------|-----------------|----------------|-------------------|---|---------------------------|------------------|
| Balance at 1 January 2014 | 44 990 | 110 248 | (4 313) | 15 820 | 621 218 | 787 963 | 215 613 | 1 003 576 |
| Comprehensive income for the period | | | | | | | | |
| Profit for the year | -- | -- | -- | -- | 40 028 | 40 028 | 20 818 | 60 846 |
| Other comprehensive income | -- | -- | -- | -- | -- | -- | -- | -- |
| Gain on property revaluation, net of income tax | -- | -- | -- | 2 260 | -- | 2 260 | -- | 2 260 |
| Available-for-sale financial assets, net of income tax | -- | -- | -- | 193 | -- | 193 | 98 | 292 |
| Remeasurement of defined benefit plans | -- | -- | -- | (665) | -- | (665) | (338) | (1 003) |
| Foreign currency translation differences | -- | -- | -- | (8 392) | -- | (8 392) | (14 403) | (22 795) |
| Total comprehensive income for the period | -- | -- | -- | (6 604) | 40 028 | 33 424 | 6 176 | 39 600 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Sale/ Repurchase, net of treasury shares | -- | -- | 32 | -- | -- | 32 | -- | 32 |
| Transactions with non-controlling interests | -- | -- | -- | 129 | (31 014) | (30 885) | 104 584 | 73 699 |
| Contributions from non-controlling interests | -- | -- | -- | -- | -- | -- | 31 086 | 31 086 |
| Distributions to non-controlling interests | -- | -- | -- | -- | -- | -- | (52 736) | (52 736) |
| Dividends paid | -- | -- | -- | -- | (8 312) | (8 312) | -- | (8 312) |
| Total transactions with owners | -- | -- | 32 | 129 | (39 326) | (39 165) | 82 934 | 43 769 |
| Balance at 31 December 2014 | 44 990 | 110 248 | (4 281) | 9 345 | 621 920 | 782 222 | 304 722 | 1 086 944 |
| Comprehensive income for the period | | | | | | | | |
| Profit for the year | -- | -- | -- | -- | 65 511 | 65 511 | 8 009 | 73 520 |
| Other comprehensive income | -- | -- | -- | -- | -- | -- | -- | -- |
| Gain on property revaluation, net of income tax | -- | -- | -- | 2 278 | -- | 2 278 | -- | 2 278 |
| Available-for-sale financial assets, net of income tax | -- | -- | -- | (795) | -- | (795) | (404) | (1 199) |
| Remeasurement of defined benefit plans | -- | -- | -- | (1 327) | -- | (1 327) | (673) | (2 000) |
| Foreign currency translation differences | -- | -- | -- | (9 125) | -- | (9 125) | (4 902) | (14 027) |
| Total comprehensive income for the period | -- | -- | -- | (8 969) | 65 511 | 56 542 | 2 030 | 58 572 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Sale/ Repurchase, net of treasury shares | -- | -- | 250 | -- | 29 | 279 | -- | 279 |
| Transactions with non-controlling interests | -- | -- | -- | -- | 14 869 | 14 869 | 43 737 | 58 606 |
| Contributions from non-controlling interests | -- | -- | -- | -- | -- | -- | 24 073 | 24 073 |
| Distributions to non-controlling interests | -- | -- | -- | -- | -- | -- | (90 685) | (90 685) |
| Dividends paid | -- | -- | -- | -- | (9 977) | (9 977) | -- | (9 977) |
| Total transactions with owners | -- | -- | 250 | -- | 4 921 | 5 171 | (22 875) | (17 704) |
| Balance at 31 December 2015 | 44 990 | 110 248 | (4 031) | 376 | 692 352 | 843 935 | 283 877 | 1 127 812 |

The accompanying notes are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

I. Reporting entity

Quilvest S.A. (the “Company” or the “parent company”) is a Luxembourg company incorporated and domiciled in Luxembourg and whose shares are publicly traded on the regulated market of the Luxembourg Stock Exchange (LU0011790804). The Company was incorporated on 20 December 1960 with the Luxembourg register company number B 6091. The principal activities of the Group are in the private equity and the wealth management businesses. The Company’s registered office is established 3 Boulevard Royal, L-2449 Luxembourg.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 27 April 2016. Separate financial statements are also presented.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

The consolidated financial statements have been prepared on a historical cost basis, except for the own-used part of land and buildings, investment property, derivative financial instruments, financial assets at fair value through profit and loss, and available-for-sale financial assets that have been measured at fair value. The consolidated financial statements are presented in United States Dollars (“USD” or “US Dollars”) and all amounts are rounded to the nearest thousand (\$ '000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

2.2 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its direct and indirect subsidiaries as at 31 December 2015.

2.3 Significant Accounting Policies

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

a) Business combinations, goodwill and non-controlling interest

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in ‘general administrative expenses’.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Impairment testing is carried out at least annually.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary.

b) Subsidiaries

Control on an investee is achieved when the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

c) Investment in an associate

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is accounted for using the equity method.

Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'share of losses of an associate' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

d) Transactions eliminated on consolidation

Intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full in preparing the consolidated financial statements.

e) Foreign currencies

The Group's consolidated financial statements are presented in US Dollars, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into US dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at the average exchange rates for the reporting period. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the relevant portion of other comprehensive income relating to that particular foreign operation is recycled in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

g) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables (consisting in amounts owed from bank and bank customers detailed in Note 2.h), held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. The Group has not designated any financial assets as held-to-maturity investments or as hedging instruments in an effective hedge.

All financial assets are recognized initially at fair value plus transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as 'gains / (losses) on financial assets, net' in the consolidated statement of profit or loss.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. These financial assets include direct debt (convertible or not) or equity investments, and investments in funds.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Available-for-sale assets

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in realized gains or losses on the disposal of financial assets in the consolidated statement of profit or loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the consolidated statement of profit or loss in 'gains / (losses) on financial assets, net'. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the Effective Interest Rate ("EIR") method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of profit or loss.

De-recognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when the Group has transferred its rights to receive cash flows from the asset; and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets (other than those carried at fair value through profit or loss)

The Group assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of profit or loss – is removed from other comprehensive income and recognized in the consolidated statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

h) Amounts owed from banks and banks customers

Amounts owed from banks and their customers include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Group intends to sell immediately or in the near term and those that the bank, upon initial recognition, designates as at fair value through profit or loss;
- those that the Group, upon initial recognition, designates as available for sale;
- those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts owed from banks and bank customers are subsequently measured at amortized cost using the EIR method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in 'interest income, net – wealth management portfolio' in the consolidated statement of profit or loss. The losses arising from impairment are recognized in the consolidated statement of profit or loss.

Impairment

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of profit or loss.

i) Property, plant and equipment

Property, plant and equipment, except the own-used part of the land and buildings, is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset as well as the cost of replacing part of the property, plant and equipment. All other repair and maintenance costs are recognized in profit or loss as incurred.

Property, plant and equipment transferred is initially measured at the fair value at the date on which control is obtained.

The own-used part of land and buildings is measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|------------------------|---------------|
| Buildings: | 20 – 50 years |
| Fixtures and fittings: | 2 – 10 years |
| Cars: | 2 – 5 years |
| EDP: | 3 years |

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

j) Investment property

Investment property is mainly held for rental income or for capital appreciation.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of the investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment property is de-recognized either when it has been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives, including those acquired in business combinations are amortized over the following useful economic life:

| | |
|-------------------------|---------------|
| Softwares: | 3 years |
| Customer relationships: | 10 – 20 years |
| Brands: | 5 years |
| Core customer deposits: | 20 years |

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the

consolidated statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment whenever there is an indication that the intangible asset may be impaired, but at least annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

I) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

m) Other assets

Assets, other than those specifically accounted for under a separate policy, are stated at their cost less impairment losses. They are reviewed at each balance sheet date to determine whether there is any indication of impairment.

n) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. The Group has not designated any financial liabilities as hedging instruments in an effective hedge.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss.

Loans and borrowings

Loans and borrowings consist in interest-bearing liabilities. After initial recognition, interest-bearing liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in 'interest income, net' or 'finance costs, net' in the consolidated statement of profit or loss, depending of the reporting segment in which the entity belongs.

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

o) Amounts owed to banks and banks customers

Amounts owed to banks and their customers include non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market, other than those that the banks intends to sell immediately or in the near term and are accounted for as loans and borrowings.

p) Employee benefit obligations

Defined benefit plans

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.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognizes the following changes in the net defined benefit obligation under 'General administrative expenses in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

The Group engaged independent valuation specialists, applying actuarial practice guidelines for their relative country, to conduct actuarial calculations and assess the present value of the defined benefit obligation and the related current service cost as at 31 December 2015 and 2014.

Defined contribution plans

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.

Other employee benefits

In 2012, Quilvest Wealth Management (QWM) set up an option plan, whose reference valuation is an index that is de-correlated from the equity value of the QWM sub-group. Therefore it qualifies as an employee benefit under IAS 19. As a consequence, the cost of providing employee benefits should be recognized in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

The Group measures the goods or services acquired and the liability incurred at the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

q) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

r) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

s) Revenue recognition

Gains / (losses) on financial assets, net

Gains / (losses) on financial assets include realized gains and losses on the disposal of financial assets and unrealized gains and losses on the revaluation of financial assets.

Dividend income

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income

For all financial assets measured at amortized cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in 'interest income, net' or 'finance costs, net' in the consolidated statement of profit or loss, depending on the reporting segment in which the entity belongs.

Fee and commission income, net

The Group earns fee and commission income from its private equity and wealth management activities. Fee and commission income can be divided into the following two categories:

Fees earned for the provision of services over a period of time are accrued over that period. These fees include:

- Asset management and administration fees arising from private equity activities;
- Commission income and asset management, custody and fiduciary fees arising from wealth management activities.

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities, or the purchase or sale of businesses, are recognized on completion of the underlying transaction. These fees include:

- Set-up, transaction and monitoring fees arising from private equity activities;
- Brokerage fees arising from wealth management activities.

Carried interest income, net

The Group earns a share of profits 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 realized at fair value. The accrual is made on the Group's share of profit in excess of the performance conditions.

Similarly, the Group offers investment professionals the opportunity to participate into the returns from successful investments. 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 realized at fair value. The accrual corresponding to the investment professionals' share of profits is made on the excess of the performance conditions of the different existing schemes.

t) Private equity portfolio

For the purpose of those consolidated financial statements, the private equity portfolio is presented in two categories:

Non-controlled private equity portfolio

The non-controlled private equity portfolio includes the investments in financial assets recorded at fair value through profit or loss (Note 10.1) over which the Group has no control.

Controlled private equity portfolio ("CPE")

The controlled private equity portfolio includes investments acquired through business combinations and on which the Group has obtained control. These investments are fully consolidated within the Group accounts as subsidiaries.

Income and expenses from controlled private equity portfolio are presented under a distinct column ("CPE" heading) in the consolidated statement of profit or loss to better reflect their contribution to the Group's results.

Further details on assets, liabilities, income and expenses of these investments are given in the Note 5 to the consolidated financial statements.

When possible, the assets, liabilities, income and expenses of these investments have been disclosed separately in the notes to the consolidated financial statements to present distinctly the result of the "core" activities of the Group (Private equity and Wealth management).

For the purpose of segment reporting, these investments are accounted for at fair value through profit or loss like the other non-controlled private equity investments, with adjustments between methods reported under 'accounting policies differences'.

u) Fair value measurement

The Group measures financial assets and liabilities, and non-financial assets at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets. Also, fair values of financial instruments not measured at fair value are disclosed in Note 28.7.

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

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

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and third party funds;
- 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 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 assets or liabilities that are not based on observable market data (unobservable inputs). This level includes debt instruments, equity instruments and third party funds with significant unobservable components.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment property, equity securities at fair value through profit or loss and available-for-assets assets. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the audit committee analyses the movements in the valuations of the private equity portfolio which are required to be re-measured or re-assessed as per Group's accounting policies.

On an interim basis, both the valuation committee of Quilvest Alternative Investment Funds and the Audit Committee approve the valuation results. This includes a discussion of the major assumptions used in the valuations.

2.4 Changes in accounting policies and disclosures

Changes in accounting policies

For 2015, no new reporting standards were adopted.

2.5 Foreign currencies

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

| | USD/ EUR | USD/ CHF | USD/ GBP |
|------------------|----------|----------|----------|
| 31 December 2013 | 0,7252 | 0,8886 | 0,6064 |
| Average 2014 | 0,7546 | 0,9177 | 0,6079 |
| 31 December 2014 | 0,8216 | 0,9880 | 0,6432 |
| Average 2015 | 0,8985 | 0,9654 | 0,6542 |
| 31 December 2015 | 0,9143 | 0,9895 | 0,6748 |

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgments

In the process of applying the Group's accounting policies, management has made the judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Judgement has been used in the determination of control over investees as described in Note 2.3.b.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating ('CGU') unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived

from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 13.

Fair value of private equity portfolio

The private equity portfolio includes direct investments through equity, debt and investment-related loans and investments in third-party funds. These investments are stated at fair value on an item-by-item basis.

Fair value is estimated in compliance with the guidelines and principles for valuation set out by the International Private Equity and Venture Capital Association ("IPEV"). Such guidelines includes the most widely used methodologies, such as the price of recent investment, multiples, discounted cash flow and net assets techniques, which are those adopted by the Group, in the absence of an active market for a financial instrument.

Although the Management uses its best judgment 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 realize 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.

The other most significant estimates and assumptions concern the revaluation of property, plant and equipment and investment property, the actuarial assumptions related to the employee defined benefit plans, and the impairment losses of loans and advances to customers and provisions.

4. Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 was issued in January 2014 and permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

IFRS 16 Lease

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognise, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

The Group is considering the implications of the new standards IFRS 9, IFRS 15 and IFRS 16, their impact on the Group and the timing of their adoption by the EU. IFRS 14 will have no impact on the Group.

5. Controlled private equity portfolio ("CPE")

As at 31 December 2015, the Group has control over 3 private equity investments (2014: 5) (Note 30). These entities are fully consolidated within the Group's consolidated financial statements.

When possible, the assets, liabilities, income and expenses of these investments have been disclosed separately to present distinctly the result of the "core" activities of the Group (Private equity and Wealth management)

The aggregate effects of the controlled private equity portfolio are disclosed below:

| | in \$ '000 | 2014 | 2015 |
|--|------------|------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | | 15 180 | 9 449 |
| Property, plant and equipment | | 113 172 | 64 521 |
| Intangible assets other than goodwill | | 20 111 | 11 692 |
| Goodwill | | 50 511 | 11 213 |
| Other assets | | 108 129 | 65 891 |
| Total assets | | 307 102 | 162 766 |
| Liabilities | | | |
| Interest-bearing liabilities | | 159 364 | 93 591 |
| Deferred tax liabilities | | 9 988 | 14 567 |
| Other liabilities | | 62 198 | 20 594 |
| Total liabilities | | 231 550 | 128 752 |
| Profit or loss | | | |
| Revenue | | 503 182 | 484 605 |
| Expenses | | (444 600) | (426 046) |
| <i>of which staff costs</i> | | <i>(133 540)</i> | <i>(129 703)</i> |
| Net income from controlled private equity portfolio | | 58 582 | 58 559 |
| Gains/ (losses) on financial assets, net | | -- | 19 997 |
| Depreciation, amortization and impairment losses | | (23 767) | (22 446) |
| Operating result | | 34 815 | 56 110 |
| Finance costs, net | | (9 446) | (18 453) |
| Profit / (Loss) before tax | | 25 369 | 37 657 |
| Income tax expense/ (credit) | | (1 662) | (3 204) |
| Profit / (Loss) for the year | | 23 707 | 34 453 |

At 31 December 2015, controlled private equity investments had 853 employees (2014: 4,427).

6. Segment information

Operating segments

For management purposes, the Group is organized into strategic business units based on its activities and has three reportable segments:

- Private equity investment, concentrated in Quilvest Private Equity S.C.A. SICAR and its subsidiaries. The Group invests in controlled or non-controlled private equity portfolio, in the form of equity securities, debt securities and third-party funds.

For the purpose of segment reporting, the controlled private equity portfolio consolidated under the full consolidation method (Note 5) are adjusted to be accounted for as financial instruments at fair value through profit or loss upon initial recognition. The effects of these adjustments are reflected under 'accounting policies differences'.

- Private equity management, concentrated in Quilvest & Partners S.A. and its subsidiaries which includes the management of the private equity portfolios.
- Wealth management, concentrated in Quilvest Wealth Management S.A. and its subsidiaries, which includes all activities from the banks of the Group, including asset management, investment advisory services, and coordination and administration of global investment services.

The chief operating decision makers, being the CEO of Quilvest Private Equity and the CEO of Quilvest Wealth management, monitor the operating results of its strategic business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements, with the exception of those private equity investments that are consolidated under IFRS and measured at fair value through profit and loss in segment reporting.

The chief operating decision makers do not review segment assets and liabilities in the decision making process. They are consequently not disclosed.

The contributions of the corporate entities of the Group, namely Quilvest S.A., Quilvest Europe S.A., Quilvest France S.A.S. and Quilvest Finance Ltd, have been aggregated within the private equity investment business segment.

6.1 Segment profit or loss

Private Equity Investment

| | 2014 | | | | 2015 | | | |
|--|---------|---------------------------------------|-------------------|------------------|---------|---------------------------------------|-------------------|------------------|
| In \$ '000 | 2014 | Accounting Policies Differences | Inter- segment | Segment Total | 2015 | Accounting Policies Differences | Inter- segment | Segment Total |
| Net result from controlled private equity portfolio (*) (Note 5) | 23 707 | (23 707) | -- | -- | 14 456 | (14 339) | (1 17) | -- |
| Gains/(losses) on financial assets, net | 55 446 | (1 378) | -- | 54 068 | 67 912 | (17 150) | -- | 50 762 |
| Dividend income | 3 872 | -- | -- | 3 872 | 389 | -- | -- | 389 |
| <i>Private equity fees</i> | | | | | | | | |
| Management fee income / (expense), net | (460) | -- | (5 697) | (6 157) | 222 | -- | (5 208) | (4 986) |
| Other private equity fee income / (expense), net | (90) | -- | (2 486) | (2 576) | 50 | -- | (2 025) | (1 975) |
| Carried interest income / (expense), net | (3 716) | -- | (643) | (4 359) | (1 661) | -- | (210) | (1 871) |
| Other operating income, net | 2 715 | -- | (100) | 2 615 | 2 149 | -- | 252 | 2 401 |
| General administrative expenses | (645) | -- | (4 668) | (5 313) | (2 131) | -- | (1 911) | (4 042) |
| Depreciation, amortization and impairment losses | -- | -- | -- | -- | -- | -- | -- | -- |
| Financial costs, net | 1 248 | -- | (126) | 1 122 | (2 889) | -- | (315) | (3 204) |
| Income tax expense | (293) | -- | -- | (293) | 56 | -- | -- | 56 |
| Sub-total | 81 784 | (25 085) | (13 720) | 42 979 | 78 553 | (31 489) | (9 534) | 37 530 |
| Corporate allocation | | | | (5 686) | | | | (1 175) |
| Segment Profit / (Loss) | | | | 37 293 | | | | 36 355 |

(*): Excluding net Gains/ (losses) on financial assets from controlled private equity portfolio

6.1 Segment profit or loss

Reconciliation of accounting policies differences

| for the year 2015 (in \$ '000) | Hill and Valley | Yo! Sushi | ST Products | Anthony's Pizza | Acrotec | Total |
|---|-----------------|-----------|-------------|-----------------|---------|-----------------|
| Fair value 31 December 2014 | 6 830 | 60 458 | 6 540 | 18 296 | 10 738 | 102 862 |
| + Additions / (disposals) & (distributions) | -- | (39 847) | -- | (21 475) | -- | (61 323) |
| - Fair value 31 December 2015 | 4 646 | -- | 6 291 | 3 545 | 9 907 | 24 389 |
| Gain / (loss) on financial assets | (2 184) | (20 611) | (249) | 6 725 | (831) | (17 150) |

| for the year 2014 (in \$ '000) | Hill and Valley | Yo! Sushi | ST Products | Anthony's Pizza | Acrotec | Total |
|---|-----------------|-----------|-------------|-----------------|---------|----------------|
| Fair value 31 December 2013 | 6 457 | 64 254 | 8 793 | 14 253 | 17 536 | 111 293 |
| + Additions / (disposals) & (distributions) | -- | -- | (3 547) | -- | (3 506) | (7 053) |
| - Fair value 31 December 2014 | 6,830 | 60 458 | 6 540 | 18 296 | 10 738 | 102 862 |
| Gain / (loss) on financial assets | 373 | (3 796) | 1 294 | 4 043 | (3 292) | (1 378) |

6.1 Segment profit or loss

Private Equity Management

| | 2014 | | | | 2015 | | | |
|--|----------|---------------------------------------|-------------------|------------------|----------|---------------------------------------|-------------------|------------------|
| In \$ '000 | 2014 | Accounting Policies Differences | Inter- segment | Segment Total | 2015 | Accounting Policies Differences | Inter- segment | Segment Total |
| Net result from controlled private equity portfolio (Note 5) | -- | -- | -- | -- | -- | -- | -- | -- |
| Gains/(losses) on financial assets, net | -- | -- | -- | -- | -- | -- | -- | -- |
| Dividend income | -- | -- | -- | -- | -- | -- | -- | -- |
| Interest income, net | -- | -- | -- | -- | -- | -- | -- | -- |
| <i>Private equity fees</i> | | | | | | | | |
| Management fee income | 22 322 | -- | 7 106 | 29 428 | 28 413 | -- | 6 451 | 34 864 |
| Other private equity fee income | 1 980 | -- | 3 599 | 5 579 | 6 734 | -- | 2 792 | 9 526 |
| Other private equity fee expense | (5 702) | -- | (582) | (6 284) | (3 925) | -- | (279) | (4 204) |
| Carried interest income / (expense), net | (636) | -- | 449 | (187) | (229) | -- | (85) | (314) |
| Other operating income, net | 4 882 | -- | 2 388 | 7 270 | 2 609 | -- | 471 | 3 080 |
| General administrative expenses | (40 047) | -- | (282) | (40 329) | (41 584) | -- | (1 138) | (42 722) |
| Depreciation, amortization and impairment losses | (156) | -- | -- | (156) | (151) | -- | -- | (151) |
| Financial costs, net | (137) | -- | (45) | (182) | (201) | -- | (220) | (421) |
| Income tax expense | (2 897) | -- | -- | (2 897) | (417) | -- | -- | (417) |
| Sub-total | (20 391) | -- | 12 633 | (7 758) | (8 751) | -- | 7 992 | (759) |
| Corporate allocation | | | | (1 100) | | | | (1 100) |
| Segment Profit / (Loss) | | | | (8 858) | | | | (1 859) |

6.1 Segment profit or loss

Wealth Management

| | 2014 | | | | 2015 | | | |
|--|----------|---------------------------------------|-------------------|----------|----------|---------------------------------------|-------------------|----------|
| In \$ '000 | 2014 | Accounting Policies Differences | Inter- segment | Segment | 2015 | Accounting Policies Differences | Inter- segment | Segment |
| | | | | Total | | | | Total |
| Gains/(losses) on financial assets, net | (312) | — | — | (312) | 2 918 | — | — | 2 918 |
| Dividend income | 636 | — | — | 636 | 737 | — | — | 737 |
| Interest income | 26 270 | — | 3 | 26 273 | 25 139 | — | — | 25 139 |
| Interest expense | (3 841) | — | — | (3 841) | (5 728) | — | — | (5 728) |
| <u>Wealth Management fees</u> | | | | | | | | |
| Management fee income | 33 463 | — | 118 | 33 581 | 31 287 | — | 87 | 31 374 |
| Management fee expense | (468) | — | — | (468) | (387) | — | — | (387) |
| Brokerage fee income | 21 447 | — | — | 21 447 | 18 514 | — | — | 18 514 |
| Brokerage fee expense | (1 052) | — | — | (1 052) | (864) | — | — | (864) |
| Custodian fee income | 14 794 | — | 331 | 15 125 | 14 564 | — | 369 | 14 933 |
| Custodian fee expense | (2 106) | — | — | (2 106) | (1 944) | — | — | (1 944) |
| Fiduciary fee income | 424 | — | — | 424 | 233 | — | — | 233 |
| Fiduciary fee expense | — | — | — | — | — | — | — | — |
| Other wealth management fee income | 29 033 | — | 397 | 29 430 | 24 804 | — | 672 | 25 476 |
| Other wealth management fee expense | (13 227) | — | (553) | (13 780) | (5 918) | — | (851) | (6 769) |
| Other operating income, net | 2 611 | — | 355 | 2 966 | 5 149 | — | 166 | 5 315 |
| General administrative expenses | (97 348) | — | (563) | (97 911) | (94 892) | — | (1 866) | (96 758) |
| Depreciation, amortization and impairment losses | (4 310) | — | — | (4 310) | (4 077) | — | — | (4 077) |
| Financial costs | 5 395 | — | — | 5 395 | 4 673 | — | — | 4 673 |
| Income from associates | — | — | — | — | — | — | — | — |
| Income tax expense | (3 170) | — | — | (3 170) | (4 251) | — | — | (4 251) |
| Sub-total | 8 239 | — | 88 | 8 327 | 9 957 | — | (1 423) | 8 534 |
| Corporate allocation | | | | (1 000) | | | | (1 000) |
| Segment Profit / (Loss) | | | | 7 327 | | | | 7 534 |

Summary and reconciliation with the Group net result

| Segment | 2015 | Accounting policies differences | Inter- segment | Corporate Allocation | Segment |
|---------------------------|---------------|---------------------------------------|-------------------|-------------------------|---------------|
| Corporate | (6 240) | -- | 2 965 | 3 275 | -- |
| Private Equity Investment | 78 553 | (31 489) | (9 534) | (1 175) | 36 356 |
| Private Equity Management | (8 751) | -- | 7 993 | (1 100) | (1 858) |
| Wealth Management | 9 958 | -- | (1 424) | (1 000) | 7 534 |
| | 73 520 | (31 489) | 0 | -- | 42 032 |

| Segment | 2014 | Accounting policies differences | Inter- segment | Corporate Allocation | Segment |
|---------------------------|---------------|---------------------------------------|-------------------|-------------------------|---------------|
| Corporate | (8 785) | -- | 999 | 7 786 | -- |
| Private Equity Investment | 81 784 | (25 085) | (13 720) | (5 686) | 37 293 |
| Private Equity Management | (20 391) | -- | 12 633 | (1 100) | (8 858) |
| Wealth Management | 8 239 | -- | 88 | (1 000) | 7 327 |
| | 60 847 | (25 085) | -- | -- | 35 762 |

6.2 Entity-wide disclosures

Geographical information

The Group business operates worldwide, principally in Europe and USA.

| For the year 2015 (in \$'000) | Carrying amount | Luxembourg | Europe | USA | Other |
|---|------------------|------------------|------------------|----------------|----------------|
| Tangibles assets, including investment property | 103 885 | 3 754 | 82 323 | 17 766 | 42 |
| Intangible assets, excluding goodwill | 31 763 | 12 034 | -- | 19 729 | -- |
| Goodwill | 63 158 | 35 341 | 24 054 | 3 763 | -- |
| Financial instruments and other assets | 3 778 195 | 1 005 345 | 1 263 191 | 805 447 | 704 212 |
| Investment in an associate | -- | -- | -- | -- | -- |
| Deferred tax assets | 3 030 | 2 104 | 926 | -- | -- |
| Total assets | 3 980 031 | 1 058 578 | 1 370 494 | 846 705 | 704 254 |
| Total assets (for the year 2014) | 4 498 006 | 1 956 047 | 1 132 830 | 617 694 | 791 435 |

The geographical breakdown of revenue is consistent with the breakdown of assets.

Further geographical information is given in Note 28.2.

7. Business combinations and transactions with non-controlling interests

There were no business combinations during the years ending 31 December 2015 and 2014.

Disposal of non-controlling interests

Quilvest & Partners Luxembourg

During 2015, non-controlling interests acquired an additional 0.5% stake in Quilvest & Partners S.A.

Disposal of subsidiaries

Yo! Sushi

During the financial year 2015, Quilvest disposed of its 73.3% interest in its subsidiary Yo! Sushi for a consideration of USD 79.9 million (GBP 53.9 million). A gain of USD 0.1 million was recorded in the consolidated income statement as a result of the transaction. A net loss of USD 5.3 million from Yo! Sushi, attributable to the financial year 2015 until the date of disposal, was included in the consolidated financial statements.

Anthony's Coal Fired Pizza

During the financial year 2015, Quilvest disposed of 47.5% from its 59.5% interest in Anthony's Coal Fired Pizza. As result, Quilvest lost its controlling influence over the subsidiary and the remaining 12% as at year end 2015 is recorded as a financial asset through profit or loss in the financial statement. An amount of USD 64.4 million has been received for the disposal. A gain of USD 19.9 million was recorded in the consolidated income statement as a result of the transaction. A net profit of USD 2.8 million from Anthony's Coal Fired Pizza, attributable to the financial year 2015 until the date of disposal, was included in the consolidated financial statements.

Transaction with non-controlling interest

QS PEP 2003-2007

During the financial year 2014, the Group disposed of part of its interest, without loss of control, in QOL PEP 2003, QOL PEP 2004, QOL PEP 2005, QPE PEP 2006 and QPE PEP 2007.

Acrotec

In 2012, as part of its private equity investment activities, the Group acquired the majority of the potential voting rights under the form of shares and convertible bonds in Acrotec S.A. In June 2014, the Group exercised the conversion option of the convertible bonds.

8. Cash and Cash Equivalents

| In \$ '000 | 2014 | 2015 |
|--|------------------|----------------|
| Cash on hand | 1 248 | 673 |
| Current account with banks | 71 333 | 105 375 |
| Current account and deposits with central banks | 381 403 | 868 525 |
| Short term deposits | 808 219 | 51 673 |
| Cash and cash equivalents | 1 262 203 | 1 026 246 |
| <i>including Controlled Private Equity Portfolio</i> | <i>15 180</i> | <i>9 449</i> |
| <i>including Quilvest Wealth Management subgroup</i> | <i>1 207 946</i> | <i>944 995</i> |

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The Group has pledged a part of its short-term deposits to fulfill collateral requirements for a total amount of USD 0.9 million (2014: USD 1.4 million).

As at 31 December 2015, the aggregate cash and cash equivalents of Quilvest Wealth Management, Quilvest Banque Privée, Quilvest Switzerland and CBP Quilvest amounts to USD 944,995 (2014 : 1,207,946). Although this amount is included in 'cash and cash equivalents', it is not directly available to the Group.

9. Amounts owed from banks and bank customers

| In \$ '000 | 2014 | 2015 |
|---|-----------|-----------|
| Current account with banks | -- | -- |
| Deposits with banks | 977 | 878 |
| Deposits with central banks | 22 411 | 17 548 |
| Debt instruments | 36 517 | -- |
| Amounts owed from banks | 59 905 | 18 426 |
| Current account with bank customers | 149 305 | 120 537 |
| Deposits with bank customers | 945 839 | 1 035 907 |
| Amounts owed from bank customers | 1 095 144 | 1 156 444 |
| Allowance for impairment losses | (2 361) | (2 996) |
| Amounts owed from bank and bank customers | 1 152 688 | 1 171 874 |

Deposits with central banks represent mandatory reserve deposits and are not available for use in the bank's day-to-day operations and are excluded from cash and cash equivalents.

Impairment allowance reconciliation

| In \$ '000 | 2014 | 2015 |
|--------------------------------------|---------|---------|
| 1 January | (2 042) | (2 361) |
| Impairment loss (expense) | (144) | (422) |
| Recoveries (income) | 33 | 50 |
| Amounts written-off | -- | -- |
| Accrued interest on impaired amounts | -- | -- |
| Exchange difference | (208) | (263) |
| 31 December | (2 361) | (2 996) |

10. Financial assets

10.1 Financial assets designated at fair value through profit or loss

Schedule of changes in financial assets designated at fair value through profit or loss in 2015

a. Private Equity portfolio

| In \$ '000 | Debt securities | Equity, convertible and investment-related loans | Third-party funds | Total |
|---|-----------------|--|-------------------|-----------|
| Fair value at 1 January 2015 | -- | 288 882 | 639 103 | 927 985 |
| Acquired in business combinations | -- | -- | -- | -- |
| Change in scope | -- | 8 629 | 14 | 8 643 |
| Additions | -- | 30 747 | 85 252 | 115 999 |
| Disposals / Distributions / Redemptions | -- | (27 331) | (185 702) | (213 033) |
| Transfer from other portfolio | -- | -- | -- | -- |
| Net gains / (losses) | -- | 4 240 | 46 074 | 50 314 |
| Currency differences | -- | (113) | (757) | (870) |
| Fair value at 31 December 2015 | -- | 305 054 | 583 984 | 889 038 |

b. Wealth Management portfolio

| In \$ '000 | Debt securities | Equity, convertible and investment-related loans | Third-party funds | Total |
|---|-----------------|--|-------------------|----------|
| Fair value at 1 January 2015 | 120 751 | 2 180 | 294 | 123 225 |
| Acquired in business combinations | -- | -- | -- | -- |
| Change in scope | -- | -- | -- | -- |
| Additions | 173 | -- | 36 | 209 |
| Disposals / Distributions / Redemptions | (158) | (668) | (183) | (1 009) |
| Transfer to other portfolio | -- | -- | -- | -- |
| Net gains / (losses) | (3 574) | (1 314) | -- | (4 888) |
| Currency differences | (12 197) | (187) | (24) | (12 408) |
| Fair value at 31 December 2015 | 104 995 | 11 | 123 | 105 129 |

c. Total

| In \$ '000 | Debt securities | Equity, convertible and investment-related loans | Third-party funds | Total |
|--------------------------------|-----------------|--|-------------------|---------|
| Fair value at 31 December 2015 | 104 995 | 305 065 | 584 107 | 994 167 |
| Net gains / (losses) for 2015 | (3 574) | 2 926 | 46 074 | 45 426 |

Schedule of changes in financial assets designated at fair value through profit or loss in 2014

a. Private Equity portfolio

| In \$ '000 | Debt securities | Equity, convertible and investment- related loans | Third party funds | Total |
|---|-----------------|--|-------------------|-----------|
| Fair value at 1 January 2014 | -- | 277,707 | 603,057 | 880,764 |
| Change in scope | -- | -- | -- | -- |
| Additions | -- | 43,977 | 99,874 | 143,851 |
| Disposals / Distributions / Redemptions | -- | (32,201) | (118,848) | (151,049) |
| Transfer from other portfolio | -- | -- | -- | -- |
| Net gains / (losses) | -- | (464) | 55,910 | 55,446 |
| Currency differences | -- | (137) | (890) | (1,027) |
| Fair value at 31 December 2014 | -- | 288,882 | 639,103 | 927,985 |

b. Wealth Management portfolio

| In \$ '000 | Debt securities | Equity, convertible and investment- related loans | Third party funds | Total |
|---|-----------------|--|-------------------|-----------|
| Fair value at 1 January 2014 | 250,208 | 3,089 | 829 | 254,126 |
| Change in scope | -- | (365) | -- | (365) |
| Additions | -- | 10 | 3,582 | 3,592 |
| Disposals / Distributions / Redemptions | (107,095) | (277) | (4,098) | (111,470) |
| Transfer to other portfolio | -- | -- | -- | -- |
| Net gains / (losses) | (1,903) | 13 | 38 | (1,852) |
| Currency differences | (20,459) | (290) | (57) | (20,806) |
| Fair value at 31 December 2014 | 120,751 | 2,180 | 294 | 123,226 |

c. Total

| In \$ '000 | Debt securities | Equity, convertible and investment- related loans | Third party funds | Total |
|--------------------------------|-----------------|--|-------------------|-----------|
| Fair value at 31 December 2014 | 120,751 | 291,062 | 639,398 | 1,051,211 |
| Net gains/(losses) for 2014 | (1,903) | (451) | 55,948 | 53,594 |

10.2 Financial assets available-for-sale

Schedule of changes in financial assets available-for-sale in 2015

a. Private Equity portfolio

There is no financial assets available-for-sale in the private equity portfolio in 2015.

b. Wealth Management portfolio

| In \$ '000 | Debt securities | Equity securities | Total |
|----------------------------------|-----------------|-------------------|-----------|
| Fair value at opening balance | 426 391 | 360 | 426 751 |
| Acquired in business combination | -- | -- | -- |
| Additions | 319 944 | 25 | 319 969 |
| Disposals | (286 895) | -- | (286 895) |
| Unrealized gains / (losses) | (1 791) | -- | (1 791) |
| Currency differences | (33 575) | (37) | (33 612) |
| Fair value at closing balance | 424 074 | 348 | 424 422 |

Schedule of changes in financial assets available-for-sale in 2014

a. Private Equity portfolio

There is no financial assets available-for-sale in the private equity portfolio in 2014.

b. Wealth Management portfolio

| In \$ '000 | Debt securities | Equity securities | Total |
|-------------------------------|-----------------|-------------------|-----------|
| Fair value at opening balance | 276,479 | 397 | 276,876 |
| Additions | 489,687 | 10 | 489,697 |
| Disposals | (293,737) | -- | (293,737) |
| Unrealized gains / (losses) | 436 | -- | 436 |
| Currency differences | (46,474) | (47) | (46,521) |
| Fair value at closing balance | 426,391 | 360 | 426,751 |

Interest income related to debt securities portfolio available-for-sale amounts to USD 2.2 million (2014: USD 4.2 million) and is included in 'Interest income, net' in the consolidated statement of profit or loss.

The amount transferred from AFS revaluation reserve in 'Gains / (losses) on financial assets, net' equals USD 0 (2014: Nil), of which no impairment loss.

10.3 Financial assets and liabilities held for trading

Detailed schedule of derivatives by nature and maturity in 2015

a. Private Equity portfolio

There are no financial assets held for trading in the private equity portfolio in 2015.

b. Wealth Management portfolio

| 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 | 377 558 | 118 007 | -- | 495 565 | 4 850 | -- |
| Foreign currency options contracts | 2 940 | 101 | 17 389 | 20 430 | 147 | -- |
| Interest rate swaps | 76 344 | 16 407 | 16 407 | 109 158 | 130 | -- |
| Futures | 14 212 | -- | -- | 14 212 | 163 | -- |
| Financial liabilities held for trading | | | | | | |
| Foreign currency forward contracts | 505 758 | 311 931 | -- | 817 689 | -- | 4 953 |
| Foreign currency options contracts | 2 940 | 101 | 17 389 | 20 430 | -- | 147 |
| Interest rate swaps | 13 123 | 10 938 | 91 878 | 115 939 | -- | 1 845 |
| Futures | 14 212 | -- | -- | 14 212 | -- | 163 |
| TOTAL | | | | | 5 290 | 7 108 |

Detailed schedule of derivatives by nature and maturity in 2014

a. Private Equity portfolio

There are no financial assets held for trading in the private equity portfolio in 2014.

b. Wealth Management portfolio

| 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 | 366,236 | 87,707 | 536 | 454,479 | 11,149 | -- |
| Foreign currency options contracts | 4,038 | -- | 37,733 | 41,771 | 108 | -- |
| Interest rate swaps & swaptions | 463 | 793 | 36,516 | 37,772 | 136 | -- |
| Futures | 6,798 | -- | -- | 6,798 | 215 | -- |
| Financial liabilities held for trading | | | | | | |
| Foreign currency forward contracts | 526,470 | 258,850 | 487 | 785,807 | -- | 11,920 |
| Foreign currency options contracts | 4,038 | -- | 37,733 | 41,771 | -- | 108 |
| Interest rate swaps | 628 | -- | 114,417 | 115,045 | -- | 2,277 |
| Futures | 6,798 | -- | -- | 6,798 | -- | 207 |
| Total | | | | | 11,608 | 14,512 |

11. Property, Plant and Equipment

Schedule of changes in Property, Plant and Equipment for the year 2015

| In \$ '000 | Land | Buildings | Fixtures and fittings | Cars | EDP Hardware | Total |
|--|------------|---------------|-----------------------|------------|--------------|---------------|
| Cost | | | | | | |
| Balance at 1 January 2015 | 10 129 | 67 472 | 133 971 | 540 | 1 528 | 213 640 |
| Additions | 316 | -- | 27 904 | 140 | 1 220 | 29 580 |
| Disposals | -- | (33 124) | (65 728) | (341) | (96) | (99 289) |
| Revaluations | 711 | 2 706 | -- | -- | -- | 3 417 |
| Transfers | -- | -- | -- | -- | -- | -- |
| Exchange differences | (1 027) | (2 168) | (1 168) | (34) | (1 237) | (5 634) |
| Balance at 31 December 2015 | 10 129 | 34 886 | 94 979 | 305 | 1 415 | 141 714 |
| <i>Including controlled private equity portfolio</i> | <i>178</i> | <i>16 613</i> | <i>82 077</i> | <i>105</i> | <i>124</i> | <i>99 097</i> |
| Depreciation and impairment losses | | | | | | |
| Balance at 1 January 2015 | -- | 18 111 | 49 271 | 360 | 557 | 68 299 |
| Depreciation charge | -- | 130 | 16 364 | 42 | 807 | 17 343 |
| Disposals | -- | (11 607) | (26 980) | (139) | (54) | (38 780) |
| Revaluations | -- | -- | -- | -- | -- | -- |
| Transfers | -- | -- | -- | -- | -- | -- |
| Exchange differences | -- | 427 | (545) | (2) | (1 271) | (1 391) |
| Balance at 31 December 2015 | -- | 7 061 | 38 110 | 261 | 39 | 45 471 |
| <i>Including controlled private equity portfolio</i> | <i>--</i> | <i>3 715</i> | <i>30 799</i> | <i>60</i> | <i>2</i> | <i>34 576</i> |
| Net book value | | | | | | |
| Balance at 1 January 2015 | 10 129 | 49 361 | 84 700 | 180 | 971 | 145 341 |
| Balance at 31 December 2015 | 10 129 | 27 825 | 56 869 | 44 | 1 376 | 96 243 |
| <i>Including controlled private equity portfolio</i> | <i>178</i> | <i>12 898</i> | <i>51 278</i> | <i>45</i> | <i>122</i> | <i>64 521</i> |

Revaluation of lands and buildings

At the end of 2015, the appraised value of land and buildings of the headquarters of our French subsidiaries located Boulevard Saint-Germain 241-243 in Paris amounts to a total fair value of USD 33.5 million (EUR 30.6 million) (2014: USD 33.5 million (EUR 27.6 million)), including the investment property (refer to Note 12).

Lands and buildings under revaluation model is composed of 65% of the property located at 243, Boulevard Saint-Germain and 100% of the properties located at 241 Boulevard Saint-Germain and represents the own-used part.

The own-used part of the buildings has been revalued accordingly and the revaluation difference 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.

Schedule of changes in Property, Plant and Equipment for the year 2014

| In \$ '000 | Land | Buildings | Fixtures and fittings | Cars | EDP Hardware | Total |
|--|---------------|---------------|-----------------------|------------|--------------|----------------|
| Cost | | | | | | |
| Balance at 1 January 2014 | 11,238 | 66,604 | 119,549 | 588 | 1,202 | 199,181 |
| Additions | 33 | 8,462 | 27,628 | 31 | 832 | 36,986 |
| Disposals | (819) | (3,873) | (6,663) | (21) | (58) | (11,376) |
| Revaluations | 1,009 | 2,381 | -- | -- | -- | 3,390 |
| Transfers | -- | -- | -- | -- | -- | -- |
| Exchange differences | (1,332) | (6,103) | (6,543) | (58) | (389) | (14,425) |
| Balance at 31 December 2014 | 10,129 | 67,472 | 133,971 | 540 | 1,528 | 213,756 |
| <i>Including controlled private equity</i> | <i>178</i> | <i>49,763</i> | <i>120,967</i> | <i>194</i> | <i>124</i> | <i>171,226</i> |
| Depreciation and impairment losses | | | | | | |
| Balance at 1 January 2014 | -- | 14,037 | 43,352 | 310 | 252 | 57,951 |
| Depreciation charge | -- | 6,120 | 17,351 | 79 | 582 | 24,132 |
| Disposals | -- | (680) | (8,967) | -- | -- | (9,647) |
| Revaluations | -- | -- | -- | -- | -- | -- |
| Transfers | -- | -- | -- | -- | -- | -- |
| Exchange differences | -- | (1,366) | (2,465) | (29) | (277) | (4,137) |
| Balance at 31 December 2014 | -- | 18,111 | 49,271 | 360 | 557 | 68,299 |
| <i>Including controlled private equity</i> | <i>--</i> | <i>15,327</i> | <i>42,655</i> | <i>70</i> | <i>2</i> | <i>58,055</i> |
| Net book value | | | | | | |
| Balance at 1 January 2014 | 11,238 | 52,567 | 76,197 | 278 | 950 | 141,230 |
| Balance at 31 December 2014 | 10,129 | 49,361 | 84,700 | 180 | 1,087 | 145,457 |
| <i>Including controlled private equity</i> | <i>178</i> | <i>34,436</i> | <i>78,312</i> | <i>124</i> | <i>122</i> | <i>113,172</i> |

12. Investment property

Schedule of changes in investment property

| In \$ '000 | 2014 | 2015 |
|---------------------------------------|--------------|--------------|
| At fair value | | |
| Balance at 1 January | 8 400 | 8 662 |
| Additions | -- | -- |
| Transfer to owner-occupied properties | -- | -- |
| Revaluations | 1 357 | (143) |
| Exchange differences | (1 095) | (877) |
| Balance at 31 December | 8 662 | 7 642 |

| In \$ '000 | 2014 | 2015 |
|--|------------|------------|
| Rental income derived from investment property | 373 | 358 |
| Direct operating expenses | (114) | (167) |
| Net profit arising from investment property | 259 | 191 |

The investment property relates to offices rented to third parties within the building located at 243, Boulevard Saint-Germain in Paris. The rental income derived from investment property is recognized within 'other operating income, net' in the consolidated financial statements.

Valuation is prepared internally at year-end and subsequently checked with external information received from an external valuer.

The fair value of the property has not been determined using transactions observable in the market because of the lack of comparable data given the nature of the property. The following primary inputs have been used, considering the prime location of the building and its good conditions:

- For the occupied part, an expected yield of 4%, in line with the local market, rent value of EUR 250.00 – EUR 450.00 per square meter;
- For the vacant part, a value of EUR 12,000.00 per square meter.

13. Intangible Assets

Schedule of changes in Intangible assets for the year 2015

| In \$ '000 | Goodwill | Customer relationships and deposits | Brand | Other | Software and capitalized IT costs | Total |
|---|---------------|-------------------------------------|--------------|--------------|-----------------------------------|---------------|
| <i>At cost</i> | | | | | | |
| Balance at 1 January 2015 | 111 186 | 44 474 | 4 534 | 3 362 | 11 477 | 175 033 |
| Additions | -- | -- | -- | -- | 3 908 | 3 908 |
| Acquisitions | 2 004 | -- | -- | -- | -- | 2 004 |
| Disposals | (41 294) | -- | (2 743) | (3 372) | (249) | (47 658) |
| Exchange differences | (6 004) | (17 043) | 4 865 | 9 113 | 1 015 | (8 054) |
| Balance at 31 December 2015 | 65 892 | 27 431 | 6 656 | 9 103 | 16 151 | 125 233 |
| <i>Accumulated amortization and impairment losses</i> | | | | | | |
| Balance at 1 January 2015 | 3 043 | 9 937 | 1 774 | 2 351 | 8 852 | 25 957 |
| Amortization charge | -- | 1 873 | 613 | 1 068 | 1 283 | 4 837 |
| Disposals | -- | -- | -- | -- | (244) | (244) |
| Exchange differences | (309) | (3 446) | 366 | 1 837 | 1 314 | (238) |
| Balance at 31 December 2015 | 2 734 | 8 364 | 2 753 | 5 256 | 11 205 | 30 312 |
| <i>Net book value</i> | | | | | | |
| Balance at 1 January 2015 | 108 143 | 34 537 | 2 760 | 1 011 | 2 625 | 149 076 |
| Balance at 31 December 2015 | 63 158 | 19 067 | 3 903 | 3 847 | 4 946 | 94 921 |
| <i>Including controlled private equity portfolio</i> | <i>11 213</i> | <i>5 483</i> | <i>3 821</i> | <i>2 388</i> | <i>-</i> | <i>22 905</i> |

Schedule of changes in Intangible assets for the year 2014

| In \$ '000 | Goodwill | Customer relationships and deposits | Brand | Other | Software and capitalized IT costs | Total |
|---|---------------|-------------------------------------|--------------|--------------|-----------------------------------|---------------|
| <i>At cost</i> | | | | | | |
| Balance at 1 January 2014 | 121,844 | 47,094 | 4,717 | 3,235 | 11,905 | 188,796 |
| Additions | -- | -- | -- | 408 | 1,902 | 2,310 |
| Acquisitions (Note 7) | -- | -- | -- | -- | -- | -- |
| Disposals | -- | -- | -- | -- | (651) | (651) |
| Exchange differences | (10,658) | (2,620) | (183) | (281) | (1,679) | (15,421) |
| Balance at 31 December 2014 | 111,186 | 44,474 | 4,534 | 3,362 | 11,477 | 175,034 |
| <i>Accumulated amortization and impairment losses</i> | | | | | | |
| Balance at 1 January 2014 | 3,447 | 8,329 | 1,235 | 1,250 | 9,660 | 23,921 |
| Amortization charge | -- | 2,045 | 661 | 1,148 | 1,195 | 5,049 |
| Impairment loss | -- | -- | -- | -- | -- | -- |
| Disposals | -- | -- | -- | -- | (641) | (641) |
| Exchange differences | (404) | (437) | (122) | (47) | (1,362) | (2,372) |
| Balance at 31 December 2014 | 3,043 | 9,937 | 1,774 | 2,351 | 8,852 | 25,957 |
| <i>Net book value</i> | | | | | | |
| Balance at 1 January 2014 | 118 396 | 38 766 | 3 482 | 1 985 | 2 245 | 164 875 |
| Balance at 31 December 2014 | 108 143 | 34 537 | 2 760 | 1 011 | 2 625 | 149 076 |
| <i>Including controlled private equity portfolio</i> | <i>50 511</i> | <i>6 454</i> | <i>6 925</i> | <i>6 731</i> | <i>--</i> | <i>70 622</i> |

Goodwill

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated individually to the Group's controlled private equity investments and banking entities.

a. Controlled Private Equity Investments

The aggregate carrying amount of goodwill allocated to each investment was as follows:

| in \$'000 | 2014 | 2015 |
|--|--------|--------|
| Yo! Sushi | 33 272 | -- |
| ST Products | 3 764 | 3 764 |
| Anthony's Pizza | 8 021 | -- |
| Acrotec | 5 453 | 7 449 |
| Balance at 31 December - Controlled Private Equity Investments | 50 510 | 11 213 |

The recoverable amount of controlled private equity investments was assessed individually based on their fair value less costs to sell. Fair value less costs to sell is equivalent to the enterprise value less financial debt and transaction costs. The enterprise value was determined by applying an earnings multiple approach, such multiples being determined by reference to recent transaction multiples and/or public market valuations for comparable companies.

The multiples applied at 31 December were comprised within a range of 6.5 – 6.9 (2014: 6.8 – 8.8)

For all investments, reasonably possible changes in key assumptions would not trigger any impairment loss to be recognized.

b. Wealth management entities

The aggregate carrying amount of goodwill allocated to each banking entities was as follows:

| in \$'000 | 2014 | 2015 |
|---|--------|--------------|
| Quilvest Switzerland | 1 570 | 1 568 |
| Quilvest Banque Privée | 16 735 | 10 858 |
| CBP Quilvest | 39 328 | 35 972 |
| Quilvest Asset Management | 0 | 3 548 |
| Balance at 31 December - Wealth Management activities | 57 633 | 51 946 |

Reallocation of goodwill

In 2015 some goodwill was reallocated following several transfers of entities/ business within the Group. The reallocation of goodwill for the year 2015 are as follows:

| in \$'000 | 01/01/2015 | Transfer | Currency differences | 31/12/2015 |
|---|------------|----------|----------------------|------------|
| Quilvest Switzerland | 1 570 | -- | (2) | 1 568 |
| Quilvest Banque Privée | 16 735 | (4 180) | (1 697) | 10 858 |
| CBP Quilvest | 39 328 | 632 | (3 988) | 35 972 |
| Quilvest Asset Management | -- | 3 548 | -- | 3 548 |
| Balance at 31 December - Wealth Management activities | 57 633 | -- | (5 687) | 51 946 |

For the purpose of the goodwill impairment testing as of 31 December 2015, the recoverable amount of the wealth management activities was assessed individually. Recoverable amount was determined by adding to net equity the present value of the future cash flows expected to be derived from each entity. The expected cash flow approach was based on multiple, probability-weighted cash flow projections over a 5-year period.

For Quilvest Banque Privée S.A., Quilvest Switzerland Ltd. Compagnie de Banque Privée Quilvest S.A. and Quilvest Asset Management, the recoverable amount exceeds the carrying value as at 31 December 2015.

Key assumptions used in discounted cash flows projections:

Key assumptions used in the calculation of recoverable amounts are new hired client relationship officers, growth in assets under management, return on assets under management as well as discount rates and terminal value growth rates.

Business assumptions have been determined by using a combination of long term trends and in-house estimates.

Long-term growth rates were in a range from 1.00% to 2.00%. Discount rates were in a range from 9.26% to 11.00%.

Sensitivity to changes in assumptions:

Reasonably possible changes in key assumptions would not trigger any impairment loss to be recognized. An increase of discount rate by 0.5% or a decrease in growth rate by 0.5% would not trigger any impairment loss.

14. Investment in an associate

There is no investment in an associate as at 31 December 2015 (2014: none).

15. Deferred Tax Assets and Liabilities

Recognized deferred tax assets and liabilities

| In \$'000 | 2014 | | 2015 | | 2014 | 2015 |
|---|--------------|-----------------|--------------|-----------------|-----------------|-----------------|
| | Assets | Liabilities | Assets | Liabilities | net | net |
| Financial assets | -- | (384) | 147 | -- | (384) | 147 |
| Property, Plant and equipment | 2 111 | (10 762) | 86 | (15 500) | (8 651) | (15 414) |
| Investment Property | -- | (2 827) | -- | (2 457) | (2 827) | (2 457) |
| Intangible assets | 231 | (11 414) | 204 | (10 462) | (11 183) | (10 258) |
| Employee benefit | 670 | -- | 637 | -- | 670 | 637 |
| Other liabilities | 1 552 | -- | 1 379 | (5) | 1 552 | 1 374 |
| Other provisions | -- | (1 700) | -- | (1 698) | (1 700) | (1 698) |
| Tax losses carried forward | 2 201 | -- | 577 | -- | 2 201 | 577 |
| Set off tax | (384) | 384 | -- | -- | -- | -- |
| Total deferred tax assets/ (liabilities) | 6 381 | (26 703) | 3 030 | (30 122) | (20 322) | (27 092) |

Movements of net deferred tax liabilities

| In \$'000 | 2014 | 2015 |
|--|-----------------|-----------------|
| Net deferred tax liabilities at opening balance | (21 771) | (20 322) |
| Increase / (Decrease) in temporary differences | 5 725 | 907 |
| Change in tax rate | -- | -- |
| Change in scope | -- | (4 579) |
| Deferred tax assets recognized on tax losses carried forward | (2 484) | (1 624) |
| Currency differences | (1 792) | (1 474) |
| Net deferred tax liabilities at closing balance | (20 322) | (27 092) |

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

Movements for the year 2015

| In \$'000 | Balance 1 January | Recognized in profit or loss | Change in scope | Recognized in equity (*) | Balance 31 December |
|-----------------------------|----------------------|---------------------------------|--------------------|-----------------------------|------------------------|
| Financial assets | (384) | -- | -- | 531 | 147 |
| Property, Plant & Equipment | (8 651) | 59 | (4 579) | (2 243) | (15 414) |
| Investment property | (2 827) | 25 | -- | 345 | (2 457) |
| Intangible assets | (11 183) | 7 | -- | 918 | (10 258) |
| Investments in associates | -- | -- | -- | -- | -- |
| Employee benefits | 670 | -- | -- | (33) | 637 |
| Other liabilities | 1 552 | -- | -- | (178) | 1 374 |
| Other provisions | (1 700) | -- | -- | 2 | (1 698) |
| Tax losses carried forward | 2 201 | (861) | -- | (763) | 577 |
| Total | (20 322) | (770) | (4 579) | (1 421) | (27 092) |

(*) : including foreign currency translation differences

Movements for the year 2014

| In \$ '000 | Balance 1 January | Recognized in profit & loss | Recognized in equity (*) | Balance 31 December |
|-----------------------------|----------------------|-----------------------------------|--------------------------------|---------------------------|
| Financial assets | (307) | -- | (77) | (384) |
| Property, Plant & Equipment | (10,971) | (186) | 2,506 | (8,651) |
| Investment property | (2,706) | (78) | (43) | (2,827) |
| Intangible Assets | (12,424) | 443 | 798 | (11,183) |
| Investment in an associate | -- | -- | -- | -- |
| Employee benefits | 462 | (28) | 236 | 670 |
| Other liabilities | 1,379 | -- | 173 | 1,552 |
| Other provisions | (1,891) | -- | 191 | (1,700) |
| Tax losses carried forward | 4,687 | (2,067) | (419) | 2,201 |
| Total | (21,771) | (1,916) | 3,365 | (20,322) |

(*) : including foreign currency translation differences

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 theoretically calculated with local applicable tax rates.

| In \$'000 | 2014 | 2015 |
|--|-----------------|-----------------|
| Profit / (Loss) before tax | 67 664 | 81 339 |
| Luxembourg theoretical tax rate (rounded) | 30% | 30% |
| Expected income tax expense / credit | (20 299) | (24 402) |
| Non deductible expenses | (46) | (25) |
| Change in tax rates | -- | -- |
| Tax effects of non-taxable income, capital gains and fair value ch | 16 750 | 13 039 |
| Current income taxes related to prior periods | 169 | (28) |
| Losses for which no tax benefit is recognized | (3 793) | 3 603 |
| Other | 401 | (6) |
| Tax (expense) / credit in the income statement | (6 818) | (7 819) |

Income tax expenses

| In \$'000 | 2014 | 2015 |
|---|----------------|----------------|
| Total current year tax (expense) / credit | (4 902) | (4 587) |
| Total deferred tax (expense) / credit | (1 916) | (3 232) |
| Tax (expense) / credit in the income statement | (6 818) | (7 819) |

16. Other assets

| in \$'000 | 2014 | 2015 |
|---|----------------|----------------|
| Interest receivable | 5 185 | 3 989 |
| Carried interest receivable | 17 107 | 15 649 |
| Loans to employees | 117 | 136 |
| Income tax receivable | 3 971 | 5 284 |
| Prepaid expenses | 1 500 | 1 988 |
| Accrued income | 7 734 | 6 021 |
| Other assets and receivables from controlled private equity portfolio | 108 128 | 65 891 |
| Other assets and receivables | 140 227 | 57 238 |
| Total other assets | 283 969 | 156 196 |
| Allowance for impairment losses | -- | -- |
| Total other assets, net | 283 969 | 156 196 |

Other assets are non-interest-bearing and are generally on terms of 30 to 90 days.

The impairment testing undertaken resulted in an allowance for impairment of nil at the end of 2014 and 2015.

17. Amounts due to banks and bank customers

| in \$'000 | 2014 | 2015 |
|--|------------------|------------------|
| Current account | 2 261 | 1 924 |
| With agreed maturity date or period of notice | 18 258 | 58 804 |
| Amounts due to banks | 20 519 | 60 728 |
| Current account | 2 004 578 | 1 724 834 |
| With agreed maturity date or period of notice | 668 912 | 602 284 |
| Amounts due to banks customers | 2 673 490 | 2 327 118 |
| Amounts due to banks and banks customers | 2 694 009 | 2 387 846 |

Information about maturity and currency of the deposits from banks and bank customers is provided in Note 28 Risk Management.

18. Interest-bearing loans and borrowings

| In \$ '000 | Original Currency | Nominal interest rate | Year of maturity | 2014 Carrying amount | 2015 Carrying amount |
|---|-------------------|-----------------------|------------------|----------------------|----------------------|
| Secured bank loan | EUR | Euribor 3m+3.4% | 2015 | 45 037 | -- |
| Secured bank loan | EUR | Euribor 3m+3.4% | 2017 | 115 635 | 103 910 |
| Bonds | EUR | EUR 3M + 0.9% | 2015 | 4 382 | 2 624 |
| Unsecured bank loan | USD | Libor 3M + 3.9% | 2017 | 9 898 | 8 544 |
| Liabilities towards financial institutions | | | | 174 952 | 115 078 |
| Private loan | EUR | 6% | 2018 | 92 546 | 83 124 |
| Private loan | USD | 6% | 2018 | 12 000 | 12 000 |
| Subordinated loans | | | | 104 546 | 95 124 |
| Hill and Valley | | | | | |
| Secured term loan | USD | Prime + 100 bps | 2015 | 1 167 | 665 |
| Yo! Sushi | | | | | |
| Secured bank credit facilities | GBP | Libor + 2% to 3% | 2013 - 2018 | 29 482 | -- |
| ST Products | | | | | |
| Secured term loan | USD | 4.41%- 6.50% | 2015-2019 | 29 606 | 28 031 |
| Revolving credit facilities | USD | Libor + 0.5% | 2017 | 12 412 | 1 553 |
| Anthony's Pizza | | | | | |
| Revolving loan facility | USD | Libor + 4.5% | 2019 | 3 370 | -- |
| Term loan facility | USD | Libor + 4.5% | 2019 | 25 278 | -- |
| Acrotec | | | | | |
| Secured bank credit facility | CHF | 2.5% - 3.0% | 2016 | 39 464 | 47 959 |
| Real estate debt | CHF | 2.5% - 3.0% | 2025 | 13 172 | 13 152 |
| Loan facility | CHF | 4.25% PIK | 2025 | 5 412 | 2 232 |
| Interest-bearing liabilities of controlled private equity portfolio | | | | 159 363 | 93 592 |
| Total Interest-bearing liabilities | | | | 438 861 | 303 794 |

The bank loans are secured by a fixed and floating charge over the assets of the consolidated private equity portfolio (including their subsidiaries).

More information about maturity and currency of the interest-bearing liabilities is provided in Note 28 Risk Management.

In relation with the secured bank facilities, the Group should at any time comply with a debt-to-equity ratio that should not exceed 50%, and calculated as follows as at balance sheet date:

| In \$ '000 | 2014 | 2015 |
|--|-----------|----------|
| Interest-bearing liabilities | 438 861 | 303 794 |
| Less: controlled private equity portfolio (*) (Note 5) | (159 363) | (93 592) |
| Interest-bearing liabilities, net | 279 498 | 210 202 |
| Total equity, attributable to the shareholders of the parent company | 782 222 | 843 935 |
| Subordinated loans | 104 546 | 95 124 |
| Total equity for calculation purpose | 886 768 | 939 059 |
| Ratio | 32% | 22% |

(*): non-recourse to the Group

19. Employee defined benefit obligations

The Group has defined benefit pension plans in place in its French and Swiss subsidiaries, namely Quilvest France S.A.S., Quilvest Banque Privée S.A. and Quilvest Switzerland Ltd.

Liability for defined benefit obligations

| In \$ '000 | 2014 | 2015 |
|--|----------|----------|
| Present value of unfunded obligations | 478 | 373 |
| Present value of funded obligations | 36 301 | 44 205 |
| Fair value of plan assets | (33 052) | (37 726) |
| Net liability in the statement of financial position | 3 727 | 6 852 |

Changes in net liability recognized in the statement of financial position

| In \$ '000 | 2014 | 2015 |
|---|---------|---------|
| Net liability at opening balance | 2 588 | 3 727 |
| Net expenses recognized in the profit or loss | 2 210 | 2 714 |
| Re-measurement gains/ (losses)- IAS 19R | 1 272 | 2 536 |
| Contributions | (2 207) | (2 014) |
| Exchange differences | (136) | (111) |
| Net liability at closing balance | 3 727 | 6 852 |

Detail of expenses recognized in the statement of profit or loss

| In \$ '000 | 2014 | 2015 |
|---|-------|-------|
| Current service cost | 2 190 | 2 679 |
| Interest on obligation | 20 | 35 |
| Expected return on plan assets | -- | -- |
| Past service cost | -- | -- |
| Expenses in statement of comprehensive income | 2 210 | 2 714 |

At 31 December 2015, the Group's best estimate of contributions expected to be paid to the plan during the annual period beginning after the reporting period amounts to USD 2.0 million (2014: USD 2.0 million).

Principal actuarial assumptions at the balance sheet date

| In \$ '000 | 2014 | 2015 |
|---|------|------|
| Discount rate at 31 December | 1,5% | 0,8% |
| Expected return on plan assets at 31 December | 1,5% | 0,8% |
| Future salary increase | 0,2% | 0,2% |
| Future pension increase | 0,0% | 0,0% |

Defined benefit obligation evolution

| At 31 December | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---------|---------|---------|---------|---------|
| Present value of the defined benefit obligation | 36 815 | 39 604 | 38 870 | 36 779 | 44 578 |
| Fair value of the plan assets | 29 281 | 30 980 | 36 282 | 33 052 | 37 726 |
| Surplus / (deficit) in the plan | (7 534) | (8 624) | (2 588) | (3 727) | (6 852) |

Option plan

In 2012, Quilvest Wealth Management set up a management incentive plan for the group key management personnel. The management incentive plan is structured as an option plan. Options are vested gradually from 2012 to 2016 and can be exercised between 2016 and 2026. Options will be settled in cash upon exercise.

As of 31 December 2015, an estimate of the commitment resulting from the plan was calculated via a discounted cash flow model. The model was applied to an 8-year business plan of the Group using assumptions for the periods of exercise of the options. The present value of the commitment was calculated using a discount rate of 29.91% (2014: 29.06%). Based on this estimate a provision of 1.1 million was accounted for as of 31 December 2015 (2014: 0.5 million).

20. Provisions

| In \$ '000 | 2014 | 2015 |
|---------------------------|--------------|--------------|
| Provisions for litigation | 272 | 707 |
| Other provisions | 2 448 | 2 876 |
| Total Provisions | 2 720 | 3 583 |

| In \$ '000 | Litigation | Other | Total |
|-------------------------|------------|--------------|--------------|
| 1 January 2015 | 272 | 2 448 | 2 720 |
| Additions | 500 | 482 | 982 |
| Used | -- | -- | -- |
| Unused / Reversals | (10) | -- | (10) |
| Currency differences | (55) | (54) | (109) |
| 31 December 2015 | 707 | 2 876 | 3 583 |

Other provisions mainly include unused vacation rights and tax provisions.

21. Other liabilities

| In \$ '000 | 2014 | 2015 |
|---|----------------|----------------|
| Interest payable | 4 589 | 5 377 |
| Carried interest payable | 23 445 | 21 876 |
| Liabilities relating to performance bonus | -- | -- |
| Dividends payable | 130 | 54 |
| Liabilities relating to share repurchase agreements | -- | -- |
| Income tax payable | 13 509 | 12 253 |
| Accrued expenses | 8 874 | 9 230 |
| Deferred income | 1 059 | 1 140 |
| Accounts payable from controlled private equity portfolio | 62 198 | 20 594 |
| Other liabilities and payable | 116 726 | 42 390 |
| Total Other liabilities | 230 530 | 112 914 |

22. Capital and reserves

Ordinary shares

| Number of ordinary shares (Units) | 2014 | 2015 |
|-----------------------------------|------------|------------|
| Authorized shares | 14 794 520 | 14 794 520 |
| Issued shares, fully paid | 6 656 000 | 6 656 000 |
| Issued shares, not fully paid | -- | -- |

The shares have no par value.

Treasury shares

| | Number (Units) | Cost (\$ '000) |
|------------------|----------------|----------------|
| 1 January 2014 | 42 713 | 4 313 |
| Acquired | 2 480 | 229 |
| Disposed | (2 500) | (261) |
| 31 December 2014 | 42 693 | 4 281 |
| Acquired | 60 | 5 |
| Disposed | (2 500) | (255) |
| 31 December 2015 | 40 253 | 4 031 |

Reserves

Reserves include restricted reserves not available for distribution of USD 4,499 (2014: USD 4,499) at the level of the parent company.

23. Earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

| | 2014 | 2015 |
|--|-----------|-----------|
| Net profit/(loss) attributable to the shareholders of the parent | 40 028 | 65 511 |
| Issued ordinary shares at 1 January | 6 656 000 | 6 656 000 |
| Effect of own shares held | (42 703) | (41 473) |
| Weighted average number of ordinary shares as at the end of period | 6 613 297 | 6 614 527 |
| Net basic earnings per share (in \$) | 6,0 | 9,9 |

The Group is not exposed to potential dilutive effect on the ordinary shares. The diluted earnings per share equal the basic earnings per share.

24. Dividends paid and proposed

| | 2015 |
|--|--------|
| Declared and paid during the year: | |
| Final dividend for 2014 | 9 984 |
| Interim dividend for 2015 | -- |
| Proposed for approval at the annual general meeting on 10 June 2016 USD 2 per share | 13 291 |

25. Share-based payments

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

26. Other operating income and expenses, net

Other operating income, net

| In \$ '000 | Note | 2014 | 2015 |
|---|------|--------------|--------------|
| Rental income | 12 | 373 | 358 |
| Change in fair value of investment property | 12 | 1 357 | (143) |
| Other income, net | | 4 499 | 8 763 |
| Total Other Operating Income, Net | | 6 229 | 8 978 |

General administrative expenses

General 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 | Note | 2014 | 2015 |
|---|------|------------------|------------------|
| Personnel | | | |
| Salaries and wages | | (66 112) | (52 389) |
| Pension expense - Defined contributions plans | | (2 416) | (1 813) |
| Pension expense - Defined benefit plans | 19 | (2 210) | (2 714) |
| Social contributions | | (10 466) | (11 605) |
| Variable compensation | | (16 867) | (18 838) |
| Other personnel costs | | (3 277) | (7 800) |
| Total | | (101 348) | (95 159) |
| Other administrative expenses | | | |
| External consultancy fees | | (14 831) | (15 873) |
| Rental expense | | (6 118) | (7 673) |
| Other administrative expenses | | (26 202) | (26 218) |
| Other provisions | | 331 | (599) |
| Total | | (46 820) | (50 363) |
| Total General Administrative Expenses | | (148 168) | (145 522) |

The fees expense with the Group auditor amounts to USD 1,646 (2014: USD 1,804) for audit and audit related services, to USD 78 (2014: USD 109) for tax services and to USD 33 (2014: USD 40) in relation with other services.

27. Financial gains / (costs), net

| In \$ '000 | 2014 | 2015 |
|---|----------|----------|
| Interest income on monetary assets | 2 751 | 2 434 |
| Foreign exchange gains | 41 779 | 26 383 |
| Total financial income | 44 530 | 28 817 |
| Interest expense on monetary liabilities | (23 506) | (10 400) |
| Foreign exchange losses | (15 718) | (13 865) |
| Total financial expenses | (39 224) | (24 265) |
| Financial costs, net- controlled private equity | (9 446) | (18 453) |
| Financial costs, net | (4 140) | (13 901) |

28. Risk management

Quilvest has exposures to the following risks:

- Credit risk;
- Liquidity risk;
- Market risk;
- Operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks primarily affect the Wealth Management segment of the Group (hereafter "QWM" or "QWM Group") and to a lesser extent the Private Equity segments (Private Equity Investment and Private Equity Management as described in Note 6.1).

28.1 Risk Management framework

The Board of Directors of Quilvest has overall responsibility for the establishment and oversight of the Group's risk management framework. Management's responsibility is to manage risk on behalf of the Board.

As described in the corporate governance report of the General Section of this annual report, the Board of Directors is supported in this function by the Audit Committee, the Group Committee and the Group Internal Audit and Compliance.

The risk management guidelines are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions, products and services offered, as well as evolution in best practices.

The risk management policies are established and monitored distinctly for the Wealth management and the Private Equity segments as the respective risk profile materially differs and there is by design no possible risk contagion between the wealth management and the private equity business.

28.1.1 Wealth management

The QWM risk management policies are established by the Executive Committee of QWM and approved by its Board of Directors. The Executive Committee of QWM is responsible for monitoring the implementation of the policies within QWM entities.

The Executive Committee of QWM installed an Asset and Liability Committee (ALCO) which, amongst other responsibilities such as monitoring global counterpart exposures and managing QWM's investment and own funds' portfolios, oversees QWM's liquidity risk position.

The daily risk management is executed by the QWM Risk Officer in cooperation with local Risk Managers.

QWM also updates on a yearly basis its ICAAP (Internal Capital Adequacy Assessment Process) report. The ICAAP is an internal process that shall allow credit institutions to assess the internal capital they deem appropriate in order to cover all the risks to which they are or could be exposed. Regulatory expectations for ICAAP are defined by the CSSF and the scope of application includes the consolidated

level (QWM) as well as the local legal entity level. The ICAAP is a forward looking internal inspection of the risk and capital profile, where financial forecasts are used as basis for the business plan are employed to simulate the evolution of the solvency over a three-year period, both under normal conditions and under stressed condition.

28.1.2 Private Equity

The segments' risk management policies are established by the CEO of Quilvest Private Equity and the Group CFO and approved by the Board of Directors of Quilvest. The Executive Management is responsible for monitoring the implementation of the policies within the segment entities.

The analysis of risks is performed through a dedicated private equity risk matrix. For each exposure, the matrix sets the inherent risk level, the risk and mitigation factors and provides an assessment of the residual risk.

Policies are designed and reviewed on a regular basis to align with the risk assessment as per the matrix.

The Group CFO and the Group Internal Auditor review and update the matrix and the implementation of related policies on an ongoing basis.

28.1.3 Concentration of financial risks

The Group's exposure to and mitigation of concentration risks is detailed within the "Wealth Management" and "Private Equity" sections.

Concentration of financial risks at QWM level is managed mainly through various determined limits and the respect of minimum prudential legal & regulatory requirements at the QWM consolidated level and at each banking subsidiary level;

Concentration of financial risks in Private Equity is managed through the diversification strategy. The level of concentration risk varies over time as the portfolio mix between direct deals and funds or funds of funds evolves and the group's largest investments changes. The portfolio review process includes the identification of risks that might affect a substantial proportion of the portfolio and the assessment of specific exposure to specific known risks. The portfolio remained balanced and well diversified in recent years.

28.2 Credit Risk

28.2.1 Description

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and credit institutions, and investment debt securities.

Wealth Management

QWM's exposure to credit risk is mainly concentrated on the following counterparties:

- Credit risk linked to clients through granting of credit facilities;
- Credit risk linked to banking counterparties, deriving from interbank placements or debt securities held in the investment portfolio; and

- Credit risk linked to other counterparties such as corporate or sovereign exposures deriving from debt securities held within the investment portfolio.

The investment portfolio of QWM stems from the need to meet cash reinvestment requirements and is composed of high-quality bonds (investment grade), issued by banking counterparties, governments of OECD countries and only to a small extent by corporate issuers. All investments have to be in line with the QWM's investments guidelines as regards to type of issuer, issuer rating, maturity, etc.. Each transaction in the investment portfolio requires approval from local management and ratification by the QWM ALCO.

As of 31 December 2015, the average credit rating of the investment portfolio was "AA-" (2014: "A").

To streamline the decision-making process, the QWM Executive Committee delegates its authority to credit committees set up for each credit institution within QWM. This delegation is based on specific rules fixed in the QWM Group Credit Policy. The Executive Committee remains the ultimate decision-making body for all loan applications beyond the local credit committees' decision-making authority or those presenting a level of risk deemed to be significant.

Overall, QWM has adopted a conservative credit policy. The vast majority of client loans are granted based on full coverage of acceptable collateral as determined in the QWM Group Credit Policy. Similarly, QWM internal guidelines are to be respected for all investments in debt securities such as credit quality of the debt issuer, type of debt, risk class, diversification and duration, within predefined individual and global counterpart limits.

Private Equity

Credit risk in Private Equity business remains limited as most investments are equity investments or assimilated. The Private Equity activities are primarily exposed to credit risk on their loans (of which investment related loans), receivables, cash and deposits. Cash and deposits are held on demand or short term deposits with QWM or highly rated Quilvest relationship banks.

28.2.2 Management of credit risk

Wealth Management

Credit risk is monitored on a regular basis at entity level, both on credit exposures and collateral value. On a quarterly basis, all entities provide information to the QWM Group Risk Officer on their credit outstanding, collateral shortages and remedial actions if applicable. The QWM Group Risk Officer presents the evolution of the Group's credit risk to the QWM Executive Committee on a quarterly basis.

The QWM Executive Committee has delegated responsibility for the oversight of credit risk to its QWM Credit Committee, assisted by the QWM Group Risk Officer, which is responsible for management of QWM's credit risk, including :

- Formulating credit policies, collateral requirements, credit risk assessment and periodical reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- Establishing the authorization structure for the approval of credit facilities, both on entity level and QWM level;
- Reviewing and assessing credit risk;

- Limiting concentrations of exposures to counterparties: by sector, by type of issuer, by issuer, by credit rating, by market liquidity and by country;
- Provide advice, guidance and specialist skills to the local entities.

Each local entity is required to implement the QWM credit policies and procedures, with credit approval authorities delegated from the QWM Credit Committee. Each entity has a Risk Manager and Credit Officer, reporting to local management and to the Group Risk Officer.

Regular internal audits at local entities on the application of credit risk policies, procedures and monitoring are undertaken by the Internal Audit department.

In accordance with EU Regulation 575/2013 (also known as "CRR" or Capital Requirements Regulation), and CSSF Circular 14/583, all QWM's credit exposures to individual clients or groups of clients representing more than 10% of QWM's regulatory capital are to be reported on a quarterly basis to the CSSF. This large exposures report is prepared by the QWM Risk Officer based upon information received from each QWM subsidiary.

The maximum exposure to individual clients or groups of individual clients is limited to 25% of QWM's regulatory capital, with an exception for exposures on financial institutions up to 100% of its regulatory capital. During 2015, no breach of aforementioned maximum limits has been observed at QWM level (2014: no breach observed).

Besides the concentration of credit risk on client loans for which regulatory restrictions apply both at entity and at QWM level, QWM pays specific attention regarding the management of concentration of risks which can arise from different sources:

- concentration risk on received collateral covering client loans : QWM is mostly exposed to residual risk in case of large adverse market price movements of financial collateral held by private banking clients. However, the QWM Credit Policy defines guidelines that contribute to a low exposure to this risk, especially the strict collateral eligibility and diversification criteria and the prudent internal haircuts uniformly applied across the entities and subject to close monitoring by the local Risk Managers ;
- concentration of counterparties within the QWM's investment portfolio : besides regulatory large exposures limitations, QWM has determined diversification rules in its investment policy with regard to type of risk, duration, credit quality (rating), etc. which are monitored by the local risk managers at entity level and by the QWM Risk Officer for QWM. In this respect, overall counterpart limits have been approved by the Board of Directors and are managed by the QWM's ALCO on a regular basis ;
- concentration of client assets or group of clients representing a substantial source of income for the Group : this risk is addressed in the yearly ICAAP report by performing a stress test on the loss of major clients ;
- concentration in terms of asset under management linked to a commercial team in case of departure of such team: this risk is addressed in the yearly ICAAP report by performing a stress test on the loss of all clients related to such team.

During 2015 and 2014, QWM did not suffer from credit losses on client loans.

At the end of 2015, the amount of past due positions for the QWM group amounted to USD 186 (2014: USD 2,062), representing doubtful outstanding debts to customers since more than 3 months. 100% of this amount was impaired.

As of 31 December 2015, total credit risk exposure for QWM Group, including off-balance sheet positions, amounted to USD 2,689,648 (2014: USD 2,961,401).

Private Equity

The credit quality of loans and receivables within the investment portfolio is based on the financial performance of the individual portfolio companies.

Valuation reviews of portfolio companies are performed at least on a bi-yearly basis. For those assets that are not past due, it is believed that the risk of default is small and that capital repayments and interest payments will be made in accordance with the agreed terms and conditions of the Group's investment.

Where the portfolio company has failed or is expected to fail, loan impairments are made when the valuation of the portfolio company implies non-recovery of all or part of the Group's loan investment. In these cases appropriate loan impairment is recorded to reflect the valuation shortfall.

Concentration of credit risk is determined by reference to geographical areas.

28.2.3 Credit risk exposure by geographic region

The geographical allocation of balance sheet exposures is prepared on the basis of the location of the issuer of the financial instruments whenever practicable, otherwise the entity owning the asset.

| For the year 2015 (in \$ '000) | Carrying amount | Luxembourg | EU | USA | Other |
|--|------------------|------------------|------------------|----------------|----------------|
| <i>Financial instruments</i> | | | | | |
| Cash and cash equivalents | 1 026 246 | 845 764 | 61 451 | 6 384 | 112 647 |
| Amounts owed from banks and bank customers | 1 171 874 | 81 682 | 652 431 | - | 437 761 |
| Financial assets at fair value through profit and loss | 994 167 | - | 230 183 | 762 865 | 1 119 |
| Financial assets available for sale | 424 422 | 348 | 276 752 | - | 147 322 |
| Financial assets held for trading | 5 290 | 1 333 | 249 | - | 3 708 |
| Other receivables | 121 860 | 76 218 | 22 940 | 21 048 | 1 655 |
| Total financial instruments | 3 743 859 | 1 005 345 | 1 244 006 | 790 297 | 704 212 |
| <i>Off balance sheet</i> | | | | | |
| Guarantees and assimilated | 34 572 | 5 197 | 12 522 | - | 16 853 |
| Maximum exposure to credit risk | 3 778 431 | 1 010 542 | 1 256 528 | 790 297 | 721 065 |

As of 31 December 2015 the Group has issued guarantees and other direct credit substitutes for a total amount of USD 34,572 (2014: USD 38,207). Other direct credit substitutes are guarantees granted by QWM and its subsidiaries in respect of loans granted to clients by third parties.

| For the year 2014 (in \$ '000) | Carrying amount | Luxembourg | EU | USA | Other |
|--|------------------|------------------|----------------|----------------|----------------|
| <i>Financial instruments</i> | | | | | |
| Cash and cash equivalents | 1,262,203 | 1,249,261 | 4,469 | 6,316 | 2,157 |
| Amounts owed from banks and bank customers | 1,152,688 | 570,015 | 342,521 | -- | 240,152 |
| Financial assets at fair value through profit and loss | 1,051,211 | 87 | 296,853 | 468,651 | 285,620 |
| Financial assets available for sale | 426,750 | 362 | 236,900 | -- | 189,488 |
| Financial assets held for trading | 11,608 | 4,158 | 286 | -- | 7,164 |
| Other receivables | 241,338 | 68,219 | 55,466 | 50,901 | 66,752 |
| Total financial instruments | 4,145,798 | 1,892,102 | 936,495 | 525,868 | 791,333 |
| <i>Off balance sheet</i> | | | | | |
| Guarantees and assimilated | 38,207 | 13,156 | 18,111 | -- | 6,940 |
| Maximum exposure to credit risk | 4,184,005 | 1,905,258 | 954,606 | 525,868 | 798,273 |

28.2.4 Credit risk exposure by type of counterparty

| For the year 2015 (in \$ '000) | Carrying amount | Sovereign | Credit institutions | Other financial companies | Non-financial companies | Individuals |
|--|------------------|------------------|---------------------|---------------------------|-------------------------|----------------|
| <i>Financial instruments</i> | | | | | | |
| Cash and cash equivalents | 1 026 246 | 886 073 | 140 173 | - | - | - |
| Amounts owed from banks and bank customers | 1 171 874 | - | 38 455 | 383 447 | 166 752 | 583 220 |
| Financial assets at fair value through profit and loss | 994 167 | - | 104 995 | 889 161 | 11 | - |
| Financial assets available for sale | 424 422 | 136 928 | 277 197 | 348 | 9 949 | - |
| Financial assets held for trading | 5 290 | - | 1 984 | 2 980 | 28 | 298 |
| Other receivables | 121 860 | - | - | - | 121 860 | - |
| Total financial instruments | 3 743 859 | 1 023 001 | 562 804 | 1 275 936 | 298 600 | 583 518 |
| <i>Off balance sheet</i> | | | | | | |
| Guarantees and assimilated | 34 572 | - | - | 4 248 | 13 052 | 17 272 |
| Maximum exposure to credit risk | 3 778 431 | 1 023 001 | 562 804 | 1 280 184 | 311 652 | 600 790 |

During 2015, the Group did not suffer from credit losses on client loans. At the end of 2015, the amount of past due positions amounted to USD 186 (2014: USD 2,063), representing doubtful outstanding debts to customers since more than 3 months. This amount was fully impaired.

The Group did not have other material exposures to sovereign debt of distressed countries at 31 December 2015.

| For the year 2014 (in \$ '000) | Carrying amount | Sovereign | Credit institutions | Other financial companies | Non-financial companies | Individuals |
|--|------------------|----------------|---------------------|---------------------------|-------------------------|----------------|
| <i>Financial instruments</i> | | | | | | |
| Cash and cash equivalents | 1,262,203 | 381,366 | 880,837 | -- | -- | -- |
| Amounts owed from banks and bank customers | 1,152,688 | -- | 58,016 | 339,609 | 187,927 | 567,136 |
| Financial assets at fair value through profit and loss | 1,051,211 | -- | 120,751 | 930,447 | 13 | -- |
| Financial assets available for sale | 426,750 | 166,427 | 248,194 | 362 | 11,767 | -- |
| Financial assets held for trading | 11,608 | -- | 6,092 | 5,271 | 146 | 99 |
| Other receivables | 241,338 | -- | -- | 147,998 | 93,340 | -- |
| Total financial instruments | 4,145,798 | 547,793 | 1,313,890 | 1,423,687 | 293,193 | 567,235 |
| <i>Off balance sheet</i> | | | | | | |
| Guarantees and assimilated | 38,207 | -- | -- | 4,047 | 4,700 | 29,460 |
| Maximum exposure to credit risk | 4,184,005 | 547,793 | 1,313,890 | 1,427,734 | 297,893 | 596,695 |

28.2.5 Guarantees and commitments

This heading represents collaterals provided by customers to the Group to secure loans and advances. As of 31 December, the analysis by nature of collaterals is as follows:

| Secured Loans and Advances to Bank Customers (in \$'000) | 2014 | 2015 |
|--|------------------|------------------|
| Loans secured by real estate | 20 911 | 47 120 |
| Lombard loans | 1 001 541 | 1 014 773 |
| Other collaterals | 39 718 | 72 186 |
| Not collateralized | 240 400 | 311 087 |
| Total | 1 302 570 | 1 445 166 |

Other collaterals mainly include guarantees issued by third party credit institutions and life-insurance agreements.

28.2.6 Ageing of receivables

The ageing of receivables at the reporting date is:

| in \$'000 | 2014 | 2015 |
|-----------------------------|------------------|------------------|
| Not past due- Gross amounts | 2 700 923 | 2 354 502 |
| Past due- Impaired | (2 361) | (186) |
| Total | 2 698 562 | 2 354 316 |

Impairment losses exclusively relate to loans and advance to bank customers and are calculated individually. Impairments on loans to customers are due to shortage of collaterals held.

28.3 Liquidity risk

28.3.1 Definition

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

28.3.2 Management of liquidity risk

Wealth Management

A Liquidity Risk Policy has been approved by the Board of Directors of QWM. This policy includes a Contingency Funding Plan describing all available sources of funding, the triggering procedure and the role and responsibilities of all involved actors. QWM's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk is managed daily at entities level by local management and local Heads of Treasury. Independent controls are performed by local Risk Managers. At QWM level, the responsibility over the QWM's liquidity risk is allocated to the QWM's ALCO.

QWM replaces its resources into highly liquid assets, such as central bank placements, interbank deposits, investments in high-quality bonds (mainly at CBPQ) and to a lesser extent, short term bank placements. As from 2014, the Group placed a major part of its liquidities at the BCEE in Luxembourg via reverse

repurchase agreements which were gradually decreased during 2015 and fully replaced by central bank deposits as a result of their unattractive remuneration. QWM also deposits the vast majority of eligible bonds with its main depositary bank in order to be able to mobilize financing at any time via repo transactions, if necessary.

QBP, QVS and CBPQ are subject to liquidity ratios imposed by their local regulator. In 2015, no breach of any ratio was reported.

QBP does not refinance its activities on the interbank market. QVS refinances its credit portfolio with client deposits and sporadic via interbank loans as it benefits locally from committed credit lines. CBPQ finances its credit portfolio completely with client deposits and does not need external funding. However, due to the large amount of short term client deposits, it is exposed to liquidity risk in case of massive withdrawal or investment. To counter this risk CBPQ has a large liquidity buffer in both cash and securities and closely monitors its liquidity gaps on a daily basis. Its liquidity reports take into account normal market conditions as well as stressed scenarios and regular liquidity projections are simulated by its Chief Risk Officer.

Private Equity

The Group's approach to managing liquidity is to ensure it will always have sufficient cash to meet its liabilities when they fall due. The exposure to liquidity risk is mainly influenced by open private equity commitments which require cash resources available timely to pay capital contributions.

For this purpose, the Group monitors closely its liquidity with weekly and monthly review of the net cash positions by the Group CFO. Quilvest also developed a forecast model with normal and stressed conditions.

The liquidity risk in Private Equity is mitigated by the following main factors:

- the strong diversification policy allowing for regular divestment opportunities
- the possibility of selling third party funds commitments in the secondary market
- the ability to slow down or potentially stop the direct investment activities at any time
- the availability of credit lines for the private equity business

Financial assets and liabilities of controlled private equity investments are without recourse for the Group and not included in the liquidity risk analysis.

28.3.3 Liquidity risk table

The table below analyses the Group's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period to maturity date, based on contractual undiscounted cash flows. Derivative financial assets and liabilities are analyzed in note 10.

| For the year 2015 (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 |
|---|------------------------------|--------------------------------|--------------------------|----------------------|-----------------------------------|
| <i>Non-derivative financial instruments</i> | | | | | |
| Cash and cash equivalents | 1 026 246 | - | - | - | - |
| Amounts owed from banks and bank customers | 460 508 | 634 122 | 59 675 | 22 | 17 547 |
| Other receivables | 75 375 | 1 121 | 46 | - | 45 318 |
| Financial assets | 24 853 | 100 553 | 403 661 | 743 | 888 779 |
| Total non-derivative financial instruments | 1 586 982 | 735 796 | 463 382 | 765 | 951 644 |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Amounts due to banks and bank customers | 1 937 740 | 450 106 | - | - | - |
| Other liabilities | 63 661 | 2 525 | 56 | - | 46 672 |
| Interest-bearing liabilities | - | 104 847 | 183 554 | 15 385 | 8 |
| Unfunded Private Equity commitments | - | - | - | - | 238 700 |
| Total non-derivative financial liabilities and unfunded Private Equity commitments | 2 001 401 | 557 478 | 183 610 | 15 385 | 285 380 |
| Group net liquidity gap | (414 419) | 178 318 | 279 772 | (14 620) | 666 264 |

Open commitments related to Private Equity fund commitments amount to USD 238,700 as of 31 December 2015 (USD 410,820 as of 31 December 2014). This amount is not payable in full and at once as:

- Portfolio funds traditionally call between 88% and 95% of their commitments;
- In most funds, the investment period spans over a 5 year period from inception of the fund;
- A portion of the Quilvest portfolio funds will realize part of their investments and make distributions over the same 5 year period, which “naturally” bridge the liquidity gap arising from open commitments, partly or in full depending on market conditions.

Finally the Group has reimbursed all committed credit lines at the end of 2014

| For the year 2014 (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 |
|---|---------------------------------|-----------------------------------|-----------------------------|----------------------|-----------------------------------|
| <i>Non-derivative financial instruments</i> | | | | | |
| Cash and cash equivalents | 1,262,203 | -- | -- | -- | -- |
| Amounts owed from banks and bank customers | 935,110 | 171,077 | 46,501 | -- | -- |
| Other receivables | 71,345 | 171,074 | 850 | -- | 40,700 |
| Financial assets | 6,093 | 181,858 | 354,724 | -- | 946,894 |
| Total non-derivative financial instruments | 2,274,751 | 524,009 | 402,075 | -- | 987,594 |
| <i>Non-derivative financial liabilities</i> | | | | | |
| Amounts due to banks and banks customers | 460,260 | 346 | 778 | -- | 2,232,625 |
| Other liabilities | 22,216 | 105,010 | 16,984 | -- | 86,320 |
| Interest-bearing liabilities | -- | -- | 420,251 | 18,610 | -- |
| Unfunded Private Equity commitments | -- | -- | -- | -- | 410,820 |
| Total non-derivative financial liabilities and unfunded Private Equity commitments | 482,476 | 105,356 | 438,013 | 18,610 | 2,729,765 |
| Group net liquidity gap | 1,792,275 | 418,653 | (35,938) | (18,610) | (1,742,171) |

28.4 Market risk

28.4.1 Definition

Market risk is the risk that changes in market prices, such as equity and bond prices, foreign exchange rates and interest rates affect the Group's income or the value of its holdings of financial instruments. Further analysis of price risk is included in note 28.6.

28.4.2 Management of market risk

Wealth Management

Market risks are managed at individual entities level by local Risk Managers and are consolidated at QWM level by the QWM Group Risk Officer.

QWM does not allow proprietary trading and as such does not hold a trading book.

Private Equity

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.

Quilvest mitigates potential negative impacts of market volatility through the following activities:

- In-house due diligences performed by a team of experienced professionals under to a disciplined approach in both the selection of investment and the decision processes;
- For lead investments, close post acquisition monitoring;
- Continuity of its investments over the economic cycles;
- Development of long-term relationships with the most reputable and best performers in the fund industry;
- Strong diversification policy in respect of industries, investment strategies and geographical areas;
- Retaining of an appropriate mix between direct investments and third party funds and funds of funds.

28.4.3 Currency risk

Foreign exchange risk is the exposure of the Group to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss in USD terms to the Group.

Overall, QWM's exposure to currency risk is limited. Currency risks are hedged throughout the year by forward currency and options contracts. At CBPQ level, foreign exchange risk is very limited because it only represents residual client positions for which intraday and overnight limits are implemented and monitored on a daily basis. QBP is not exposed to currency risk since its operating and transaction currencies are the same (EUR). Contrariwise, QVS is mostly exposed to foreign exchange risk since a significant part of its revenue is denominated in USD whereas its operating expenses are in CHF.

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. The private loans and the bank facilities (Note 18) mainly denominated in Euros are mitigating this risk on a global basis. More specifically, when the Group has more visibility on the timing of exit for a specific investment, all or part of the expected proceeds can also be hedged.

At 31 December 2015, the breakdown of exposures by foreign currency was the following:

| For the year 2015 (in \$ '000) | Carrying amount | USD | EUR | GBP | CHF | Other |
|--|------------------|------------------|------------------|----------------|----------------|-----------------|
| Cash and cash equivalents | 1 026 246 | 50 718 | 823 730 | 2 941 | 138 601 | 10 256 |
| Amounts owed from banks and bank customers | 1 171 874 | 248 710 | 504 935 | 349 992 | 62 770 | 5 467 |
| Other receivables | 156 196 | 82 457 | 32 772 | 6 568 | 34 370 | 29 |
| Financial assets | 1 423 879 | 999 373 | 336 162 | 83 825 | 3 177 | 1 342 |
| Property, plant and equipment | 96 243 | 17 809 | 30 492 | 43 | 47 708 | 191 |
| Investment property | 7 642 | - | 7 642 | - | - | - |
| Intangible assets | 94 921 | 29 065 | 23 082 | - | 42 774 | - |
| Deferred tax assets | 3 030 | 1 377 | 1 117 | - | 536 | - |
| Total Assets | 3 980 031 | 1 429 509 | 1 759 932 | 443 369 | 329 936 | 17 285 |
| Financial liabilities held for trading | 7 108 | 1 333 | 3 269 | 8 | 2 385 | 113 |
| Amounts due to banks and bank customers | 2 387 846 | 975 497 | 949 458 | 323 282 | 104 272 | 35 337 |
| Other liabilities | 112 914 | 47 452 | 43 097 | 1 769 | 19 930 | 666 |
| Interest-bearing liabilities | 303 794 | 50 422 | 190 028 | - | 63 344 | - |
| Employee benefit obligations | 6 852 | - | 373 | - | 6 479 | - |
| Provisions | 3 583 | 500 | 1 425 | - | 1 658 | - |
| Deferred tax liabilities | 30 122 | 5 726 | 13 857 | - | 10 539 | - |
| Total Liabilities | 2 852 219 | 1 080 930 | 1 201 507 | 325 059 | 208 607 | 36 116 |
| Group net currency exposure | | 348 579 | 558 425 | 118 310 | 121 329 | (18 831) |

At 31 December 2015, a 10% change in the USD rate against other currencies would have an impact of approximately USD 80 million (USD 43 million at 31 December 2014) on assets and liabilities denominated in foreign currencies with the majority of this impact in the profit or loss.

At 31 December 2014, the breakdown of exposures by foreign currency was the following:

| For year 2014 (in \$ '000) | Carrying amount | USD | EUR | GBP | CHF | Other |
|--|------------------|------------------|------------------|----------------|----------------|-----------------|
| Cash and cash equivalents | 1,262,203 | 380,590 | 583,750 | 144,975 | 145,453 | 7,435 |
| Amounts owed from banks and bank customers | 1,152,688 | 192,068 | 590,923 | 340,021 | 23,866 | 5,810 |
| Other receivables | 283,969 | 177,489 | 37,332 | 10,784 | 55,689 | 2,675 |
| Financial assets | 1,489,569 | 927,091 | 532,949 | 18,321 | 8,747 | 2,461 |
| Property, plant and equipment | 145,457 | 41,099 | 31,033 | 31,985 | 41,153 | 187 |
| Investment property | 8,662 | -- | 8,662 | -- | -- | -- |
| Intangible assets | 149,077 | 61,482 | 1,418 | 50,197 | 35,980 | -- |
| Investments in associates | -- | -- | -- | -- | -- | -- |
| Deferred tax assets | 6,381 | -- | 3,856 | 1,988 | 537 | -- |
| Total Assets | 4,498,006 | 1,779,819 | 1,789,923 | 598,271 | 311,425 | 18,568 |
| Financial liabilities held for trading | 14,512 | 9,638 | 2,205 | 18 | 2,616 | 35 |
| Amounts due to banks and banks customers | 2,694,009 | 902,590 | 1,355,783 | 318,624 | 89,936 | 27,076 |
| Other liabilities | 230,530 | 114,346 | 55,744 | 26,649 | 31,466 | 2,325 |
| Interest-bearing liabilities | 438,861 | 93,335 | 257,995 | 29,482 | 58,049 | -- |
| Employee benefit obligations | 3,727 | -- | 478 | -- | 3,249 | -- |
| Provisions | 2,720 | -- | 1,101 | -- | 1,619 | -- |
| Deferred tax liabilities | 26,703 | 5,726 | 15,014 | -- | 5,963 | -- |
| Total Liabilities | 3,411,062 | 1,125,635 | 1,688,320 | 374,773 | 192,898 | 29,436 |
| Group net currency exposure | | 654,184 | 101,603 | 223,498 | 118,527 | (10,868) |

28.4.4 Interest rate risk

The Group is exposed to interest rate fluctuations both on its financial assets and liabilities positions, resulting in possible losses or gains.

The interest rate risk exposure of the Group primarily lies with QWM and is limited as most assets are remunerated at variable interest rates with short term maturities and whereas exposure to fixed interest rates with long term maturities remains limited.

At 31 December 2015, the Group is exposed at reporting date to interest-rate risk on the basis of the lower between maturity and re-pricing date as follows:

| in \$ '000 | With variable interest rate | | | | | | Non-interest-bearing | With fixed interest rate |
|---|-----------------------------|---------------------------|-----------------------------|-----------------------|-------------------|----------------|----------------------|--------------------------|
| | Carrying amount | Less or equal to 3 months | Between 3 months and 1 year | Between 1 and 5 years | More than 5 years | | | |
| Cash and cash equivalents | 1 026 246 | 1 026 246 | - | - | - | - | - | - |
| Amounts owed from banks and bank customers | 1 171 874 | 652 667 | 454 792 | 27 733 | 22 | 17 548 | 19 112 | |
| Other receivables | 121 860 | 2 976 | 807 | 2 056 | - | 78 924 | 37 097 | |
| Financial assets | 1 423 879 | 26 587 | 101 692 | 403 821 | - | 891 431 | 348 | |
| Total financial instruments | 3 743 859 | 1 708 476 | 557 291 | 433 610 | 22 | 987 903 | 56 557 | |
| Financial liabilities held for trading | 7 108 | 1 585 | 1 468 | 1 673 | - | 2 382 | - | |
| Amounts due to banks and bank customers | 2 387 846 | 1 420 153 | 450 106 | - | - | 517 587 | - | |
| Other liabilities | 112 914 | 6 149 | 463 | - | 6 490 | 80 650 | 19 162 | |
| Interest-bearing liabilities | 210 203 | 112 446 | - | - | - | - | 97 757 | |
| Interest-bearing loans of controlled Private Equity investments | 93 591 | (1) | 48 625 | 29 582 | 15 385 | - | - | |
| Total financial liabilities | 2 811 662 | 1 540 332 | 500 662 | 31 255 | 21 875 | 600 619 | 116 919 | |
| Group net interest rate gap | | 168 144 | 56 629 | 402 355 | (21 853) | 387 284 | (60 362) | |

A rise of 2 % in the short term interest rates less than one year would positively impact the result of the Group for approximately USD 4.5 million (2014: positive impact of USD 7.2 million) due to the interest-bearing net asset position up to one year.

These results indicate that the Group is not exposed to a potential loss in case of increasing interest rates.

At 31 December 2014, the Group is exposed at reporting date to interest-rate risk on the basis of the lower between maturity and re-pricing date as follows:

| in \$ '000 | With variable interest rate | | | | | | Non-interest-bearing | With fixed interest rate |
|--|-----------------------------|---------------------------|-----------------------------|-----------------------|-------------------|------------------|----------------------|--------------------------|
| | Carrying amount | Less or equal to 3 months | Between 3 months and 1 year | Between 1 and 5 years | More than 5 years | | | |
| Cash and cash equivalents | 1,262,203 | 1,262,203 | -- | -- | -- | -- | -- | -- |
| Amounts owed from banks and bank | 1,152,688 | 603,565 | 469,313 | 18,436 | -- | -- | 61,374 | |
| Other receivables | 283,969 | 8,602 | 14,599 | 1,327 | -- | 179,968 | 79,471 | |
| Financial assets | 1,489,569 | 10,194 | 173,159 | 354,856 | -- | 951,359 | -- | |
| Total financial instruments | 4,188,429 | 1,884,564 | 657,071 | 374,619 | -- | 1,131,327 | 140,845 | |
| Financial liabilities held for trading | 14,512 | 4,081 | 5,707 | 2,108 | -- | 2,616 | -- | |
| Amounts due to banks and banks customers | 2,694,009 | 1,782,277 | 451,602 | -- | -- | 460,130 | -- | |
| Other liabilities | 230,530 | -- | 280 | -- | -- | 170,667 | 59,583 | |
| Interest-bearing liabilities | 279,497 | -- | -- | 174,951 | -- | -- | 104,546 | |
| Interest-bearing loans of controlled Private | 159,364 | -- | -- | 140,788 | 18,576 | -- | -- | |
| Total financial liabilities | 3,377,912 | 1,786,358 | 457,589 | 317,847 | 18,576 | 633,413 | 164,129 | |
| Group net interest rate gap | | 98,206 | 199,482 | 56,772 | (18,576) | 497,914 | (23,284) | |

28.5 Operational risk

28.5.1 Definition

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with financial instruments, including processes, personnel, technology, 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.

28.5.2 Operational risk management

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 and to avoid control procedures that restrict initiative and creativity.

The Group dedicates substantial efforts to ensure that the operational risks resulting from all business activities are continuously assessed and monitored.

Where relevant, entities of the Group have set up internal measures to reduce losses stemming from operational risk in compliance with local regulatory requirements, such as:

- Strong internal control system including wide application of the 4-eyes principle;
- Risk governance structure including third and second levels of controls;
- Set-up of compliance and risk functions to strengthen the overall monitoring of the risk profile at Group level;
- Escalation of information on operational incidents for analysis;
- Retention of key staff resources
- Business Continuity Plan (BCP) and/or Disaster Recovery Plan (DRP) exist at local entity level, with regular reviews and tests - results of the last test conducted in 2015 at QWM were conclusive;
- Adequate coverage by insurance policies.

The adequacy of the controls in place to address operational risks identified is regularly reviewed by the Group Internal Audit and Compliance and the Audit Committee, conducting to an ongoing improvement of internal processes and controls.

28.6 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;

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 derivative contracts or equity instruments without an 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 assets or liabilities that are not based on observable market data (unobservable inputs). This level includes debt instruments, equity instruments and third party funds with significant unobservable components.

At 31 December 2015, the Group is exposed to the fair value risk as follows:

| in \$'000 | Carrying amount | Level 1 | Level 2 | Level 3 |
|--|--------------------|----------------|---------------|----------------|
| Financial assets held for trading | | | | |
| Derivatives | 5 290 | -- | 5 290 | -- |
| Financial assets designated at fair value | | | | |
| Debt securities | 104 995 | 104 995 | -- | -- |
| Equity securities | 299 884 | 911 | 9 517 | 289 457 |
| Convertible loans | 5 179 | -- | -- | 5 179 |
| Investment related loans | -- | -- | -- | -- |
| Third party funds | 584 109 | 5 299 | 981 | 577 842 |
| Financial assets available for sale | | | | |
| Debt and equity securities | 424 422 | 424 074 | 348 | -- |
| Total financial assets | 1 423 879 | 535 279 | 16 136 | 872 478 |
| Financial liabilities at fair value through profit & loss | | | | |
| Financial liabilities held for trading | | | | |
| Derivatives | 7 108 | -- | 7 108 | -- |
| Total financial liabilities | 7 108 | -- | 7 108 | -- |

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 142 million at 31 December 2015 investments (USD 148 million at 31 December 2014).

Reconciliation of level 3 items at 31 December 2015:

| In \$ '000 | Equity, convertible and investment related loans | Third party funds | Total assets level 3 |
|--|---|-------------------|-------------------------|
| At January 1, 2015 | 288 552 | 633 560 | 922 112 |
| Profit or loss | 3 531 | 46 147 | 49 678 |
| Other comprehensive income | (193) | (172) | (365) |
| Change in scope | -- | -- | -- |
| Additions | 30 747 | 81 350 | 112 097 |
| Disposals / Distributions / Redemptions | (28 003) | (183 041) | (211 044) |
| Transfers | -- | -- | -- |
| Transfers in Level 3 | -- | -- | -- |
| Transfers out of Level 3 | -- | -- | -- |
| At 31 December 2015 | 294 634 | 577 844 | 872 478 |
| Total gains for the year included in profit or loss for assets held at 31 December 2015 | 32 870 | 70 280 | 103 150 |

At 31 December 2014, the Group is exposed to the fair value risk as follows:

| In \$ '000 | Carrying amount | Level 1 | Level 2 | Level 3 |
|---|--------------------|---------|---------|---------|
| Financial assets held for trading | | | | |
| Derivatives | 11,608 | -- | 11,608 | -- |
| Financial assets designated at fair value through profit or loss | | | | |
| Debt securities | 120,751 | 120,751 | -- | -- |
| Equity, convertible and investment-related loans | 291,062 | 2,510 | -- | 288,552 |
| Third party funds | 639,398 | 3,666 | 2,172 | 633,560 |
| Financial assets available for sale | | | | |
| Debt and equity securities | 426,751 | 426,391 | 360 | -- |
| Total financial assets | 1,489,570 | 553,318 | 14,140 | 922,112 |
| Financial liabilities held for trading | | | | |
| Derivatives | 14,512 | -- | 14,512 | -- |
| Total financial liabilities | 14,512 | -- | 14,512 | -- |

Reconciliation of level 3 items at 31 December 2014:

| In \$ '000 | Equity, convertible and investment- related loans | Third party funds | Total assets level 3 |
|---|--|----------------------|-------------------------|
| At 1 January 2014 | 280,117 | 599,742 | 879,859 |
| Profit or loss | (1,403) | 59,347 | 57,944 |
| Other comprehensive income | (654) | (269) | (923) |
| Additions | 42,855 | 92,480 | 135,335 |
| Disposals | (32,363) | (117,740) | (150,103) |
| Transfers | -- | -- | -- |
| Transfers in Level 3 | -- | -- | -- |
| Transfers out of Level 3 | -- | -- | -- |
| At 31 December 2014 | 288,552 | 633,560 | 922,112 |
| Total gains for the year included in profit or loss for assets held at 31 December 2014 | 28,089 | 77,860 | 105,949 |

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurement are shown below :

| Methodology | Description | Inputs | Adjustments |
|-----------------------------|---|---|---|
| Earnings | <p>Most commonly used Private Equity valuation methodology</p> <p>Used for investments which are profitable and for which we can determine a set of listed companies and precedent transactions, where relevant, with similar characteristics</p> | <p>Earnings multiples are applied to the earning of the company to determine the enterprise value</p> <p>Earnings Reporting earnings adjusted for non-recurring items, such as restructuring expenses, for significant corporate actions and, in exceptional cases, run-rate adjustments to arrive at maintainable earnings. Most common measure is earnings before interest, tax, depreciation and amortization ("EBITDA") Earnings used are usually the management accounts, unless data from reforecasts or the latest audited accounts provides a more reliable picture of maintainable earnings</p> <p>Earnings multiples The earnings multiple are derived from comparable listed companies or relevant market transactions multiples. We selected companies in the same industry and, where possible, with a similar business model and profile in terms of size, products, services and customers, growth rates and geographic focus. We adjust for changes in the relative performance in the set of comparable.</p> | <p>A marketability or liquidity discount is applied to the enterprise value, using factors such as our alignment with management and other investors and our investment rights in the deal structure.</p> |
| Discounted cash flow | <p>Appropriate for businesses with long-term stable cash flows.</p> | <p>Long-term cash flows are discounted at a rate which is benchmarked against market data, where possible, or adjusted from the rate at the initial investment based on changes in the risk profile of the investment</p> | <p>Discount already implicit in the discount rate applied to long-term cash flows – no further discounts applied</p> |
| Imminent sale | <p>Used where an asset is in a sales process, a price has been agreed but the transaction has not yet settled</p> | <p>Contracted proceeds for the transaction, or best estimate of the expected proceeds</p> | <p>A discount is typically applied to reflect any uncertain adjustments to expected proceeds</p> |
| Quoted | <p>Used for investments in listed companies</p> | <p>Closing bid price at balance sheet date</p> | <p>No adjustments or discounts applied.</p> |
| Fund | <p>Used for investments in unlisted third-party funds</p> | <p>Net asset value reported by the fund manager</p> | <p>Typically no further discount applied in addition to that applied by the fund manager</p> |
| Other | <p>Used where elements of a business are valued on different bases</p> | <p>Values of separate elements prepared on one of the methodology listed above</p> | <p>Discounts applied to separate elements as above</p> |

Consistent with IPEV guidelines, all equity investments are held at fair value using the most appropriate methodology and no investments are held at historical cost.

28.7 Financial instruments not measured at fair value

For all financial instruments 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.

28.8 Capital management

The primary objectives of the management of the Group's own equity are to comply with regulatory requirements and to have at all times a comfortable level of own equity covering its activities and its inherent risks.

Capital structure

The capital structure of the Group consists of net debt, excluding net debt of controlled private equity investments and shareholders' equity.

The type and maturity of the Group's borrowings, as well as the monitoring of financial covenants, are analyzed further in Note 18 and the Group's equity is analyzed into its various components in the statement of changes in equity.

Capital is managed so as to maximize long-term return to shareholders, whilst maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business.

| in \$'000 | 2014 | 2015 |
|---|------------------|-----------------|
| Cash and cash equivalents | 1 262 203 | 1 026 246 |
| <i>Less: cash and cash equivalents attributable to controlled private equity investments</i> | <i>(15 180)</i> | <i>(9 449)</i> |
| Interest-bearing liabilities | 438 861 | 303 794 |
| <i>Less: Interest-bearing liabilities attributable to controlled private equity investments</i> | <i>(159 364)</i> | <i>(93 592)</i> |
| Net debt/ (cash surplus) | (967 526) | (806 595) |
| Total equity | 1 086 944 | 1 127 812 |

Capital constraints

The Group is generally free to transfer capital from subsidiary undertakings to the parent company subject to maintaining each subsidiary with sufficient reserves to meet local statutory obligations.

The Wealth Management structure is subject to prudential supervision by the regulatory bodies of Luxembourg, Switzerland and France where its three banks are incorporated.

QWM respects all regulatory requirements related to regulatory capital since its inception and monitors the evolution of its solvency ratio on a quarterly basis.

Each credit institution of the Group is subject to capital adequacy requirements by its respective supervisory authority. During the year ended 31 December 2015, no breach was reported (2014: no breach reported). As of 31 December 2015, the capital adequacy ratio (simplified ratio) of QWM was 17.1% (2014: 16.4%).

The ICAAP report for the 3 year period 2015-2017 showed that QWM has sufficient own funds and liquidity reserves to cover all risks to which it is exposed, both under normal conditions and under stressed conditions.

29) Contingent Liabilities, Commitments and Assets under management

| In \$ '000 | 2014 | 2015 |
|--|------------------|------------------|
| Acceptances and endorsements | -- | -- |
| Guarantees and assets pledged as collateral security | 2 727 | 11 |
| Commitments arising out of derivatives transactions | 1 490 241 | 1 607 635 |
| Fiduciary operations | 478 240 | 232 279 |
| Contractual open commitments related to Private Equity investment* | 410 820 | 238 700 |
| Total Contingent Liabilities and Commitments | 2 382 028 | 2 078 626 |

* Actual capital called fund by fund may be significantly lower than contractual open commitments (see note 28 Risk management)

Private Equity

Assets Under Management ("AUM") are calculated as of any date as basically the sum of : (i) the fair value of any investment made 5 years ago or before and, (ii) the cost plus the potential uncalled capital commitments of investments made in the last 5 years. As at 31 December 2015, total assets under management for the private equity amount to approximately USD 4.3 billion (2014: USD 4.6 billion).

Wealth Management

AUM represents the assets from which the Group generates revenues (e.g. assets management, brokerage, etc.). AUM includes assets under management, assets under custody. As at 31 December 2015, total assets under management, including those under custody, amount to approximately USD 28.6 billion (2014: USD 33.5 billion).

30 Related Parties

30.1 Fully consolidated subsidiaries

The consolidated financial statements of the Group include the following main subsidiaries:

| Name | Country | Ownership % | |
|--------------------------------------|----------------|-------------|--------|
| | | 2014 | 2015 |
| Quilvest Europe S.A. | Luxembourg | 100% | 100% |
| Quilvest Private Equity S.C.A. SICAR | Luxembourg | 100% | 100% |
| Quilvest Finance Ltd. | BVI | 100% | 100% |
| Quilvest France S.A.S. | France | 100% | 100% |
| Quilvest & Partners S.A. | Luxembourg | 79,50% | 79,00% |
| Quilvest & Partners France S.A.S. | France | 79,50% | 79,00% |
| Quilvest Luxembourg Services S.A. | Luxembourg | 79,50% | 79,00% |
| Quilvest U.K. Ltd | United Kingdom | 79,50% | 79,00% |
| Quilvest U.S.A. Ltd | United States | 79,50% | 79,00% |
| Quilvest Hong Kong Ltd | Hong Kong | 79,50% | 79,00% |
| Quilvest Dubai Ltd | UAE | 79,50% | 79,00% |
| Quilvest Private Equity S.à r.l. | Luxembourg | 79,50% | 79,00% |
| QS PEP S.à r.l. | Luxembourg | 79,50% | 79,00% |
| QS Direct SI 2 S.à r.l. | Luxembourg | 79,50% | 79,00% |
| QS Geo S.à r.l. | Luxembourg | 79,50% | 79,00% |
| QS Rep S.à r.l. | Luxembourg | 79,50% | 79,00% |
| QS Management Ltd | BVI | 79,50% | 79,00% |
| QS PDI S.à r.l. | Luxembourg | 79,50% | 79,00% |
| QS FF Management Ltd | Cayman Islands | 79,50% | 79,00% |
| QS Hi Express GP S.à r.l. | Luxembourg | 79,50% | 79,00% |
| QS Master GP S.à r.l. | Luxembourg | 79,50% | 79,00% |
| Quilvest Wealth Management S.A. | Luxembourg | 66,32% | 66,32% |
| CBP Quilvest S.A. | Luxembourg | 66,32% | 66,32% |
| Quilvest Banque Privée S.A. | France | 66,21% | 66,21% |
| Quilvest Switzerland Ltd. | Switzerland | 66,32% | 66,32% |
| Quilvest AM S.A. | Luxembourg | 66,32% | 66,32% |

30.2 Controlled private equity portfolio

| Name | Country | Control % | |
|---------------------------|----------------|-----------|--------|
| | | 2014 | 2015 |
| Hill and Valley Group | United States | 83,90% | 83,50% |
| YO! Sushi Group | United Kingdom | 73,30% | -- |
| ST Products Group | United States | 57,30% | 52,00% |
| Anthony's Pizza Group (*) | United States | 58,50% | -- |
| Acrotec Group | Switzerland | 54,10% | 54,10% |

(*) Quilvest disposed its controlling stake during 2015 but kept an interest of 12% as at 31 December 2015 (see note 7).

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.

30.3 List of associates

As at 31 December 2015, the Group does not hold shares in associates.

30.4 Non-controlling interests

The following table summarizes financial information on Non-controlling interests ("NCI") for its three reportable segments:

As at 31 December 2015

| in \$ '000 | Wealth Management | Private Equity Management | Private Equity Investment |
|---|----------------------|---------------------------------|---------------------------------|
| Current Assets | 2 099 246 | 35 101 | 149 738 |
| Non-current assets | 562 012 | 1 864 | 953 573 |
| Total assets | 2 661 258 | 36 965 | 1 103 311 |
| Current liabilities | 2 434 371 | 23 559 | 28 962 |
| Non-current liabilities | 18 934 | 9 108 | 108 158 |
| Total liabilities | 2 453 305 | 32 667 | 137 120 |
| Net assets | 207 953 | 4 298 | 966 191 |
| Net assets attributable to NCI | 54 565 | 886 | 228 426 |
| Revenue | 106 724 | 36 906 | 126 006 |
| Expenses | (94 600) | (39 838) | (11 797) |
| Depreciation, amortization and impairment losses | (4 077) | (151) | (22 446) |
| Finance costs, net | 4 734 | 79 | (51 275) |
| Income tax expense | (4 251) | (417) | (3 232) |
| Profit / (loss) for the year | 8 530 | (3 421) | 37 256 |
| Profit / (loss) for the year attributable to NCI | 2 853 | (719) | 5 874 |
| Other comprehensive income | (13 520) | (61) | (3 624) |
| Total comprehensive income | (4 990) | (3 482) | 33 632 |
| Total comprehensive income attributable to NCI | (1 830) | (740) | 4 600 |
| Cash flows from operating activities | (157 490) | 13 387 | 160 804 |
| Cash flows from investing activities | (38 933) | (362) | (21 480) |
| Cash flows from financing activities | (1 395) | (3 499) | (143 556) |
| Net increase in cash and cash equivalents | (197 818) | 9 526 | (4 232) |
| Distribution to NCI | -- | -- | (90 685) |

As at 31 December 2014

| in \$ '000 | Wealth Management | Private Equity Management | Private Equity Investment |
|---|----------------------|---------------------------------|---------------------------------|
| Current Assets | 2 394 663 | 36 457 | 192 919 |
| Non-current assets | 592 254 | 2 198 | 1 052 883 |
| Total assets | 2 986 917 | 38 655 | 1 245 802 |
| Current liabilities | 2 757 374 | 26 877 | 124 904 |
| Non-current liabilities | 18 172 | 9 943 | 169 353 |
| Total liabilities | 2 775 546 | 36 820 | 294 257 |
| Net assets | 211 371 | 1 835 | 951 545 |
| Net assets attributable to NCI | 50 246 | 524 | 253 952 |
| Revenue | 106 631 | 33 439 | 123 499 |
| Expenses | (97 243) | (39 435) | (11 204) |
| Depreciation, amortization and impairment losses | (4 310) | (282) | (23 767) |
| Finance costs, net | 5 398 | (721) | (9 831) |
| Income tax expense | (3 170) | (1 557) | (1 663) |
| Profit / (loss) for the year | 7 306 | (8 556) | 77 034 |
| Profit / (loss) for the year attributable to NCI | 2 444 | (1 754) | 20 128 |
| Other comprehensive income | (17 483) | (99) | (5 890) |
| Total comprehensive income | (10 177) | (8 655) | 71 144 |
| Total comprehensive income attributable to NCI | (8 393) | (1 816) | 16 385 |
| Cash flows from operating activities | 676 548 | 5 034 | 7 085 |
| Cash flows from investing activities | (100 697) | (810) | (20 676) |
| Cash flows from financing activities | 315 | (1 317) | 18 345 |
| Net increase in cash and cash equivalents | 576 166 | 2 907 | 4 754 |
| Distribution to NCI | -- | -- | (52 736) |

The main contributors of the non-controlling interests for the Wealth Management segment are Quilvest Wealth Management, CBP Quilvest and Quilvest Switzerland.

The main contributor of the non-controlling interests for the Private Equity Management segment is Quilvest & Partners S.A..

The main contributors of the non-controlling interests for the Private Equity Investment segment are Quilvest Private Equity S.à r.l. SICAR, QS Direct SI 2 S.C.A. SICAR, and the QS PEP vehicles for vintages 2003 to 2008.

30.5 Interest in unconsolidated structured entities

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

Below is a description of the Quilvest's involvement in unconsolidated structured entities by type and by segment.

Quilvest concluded that it does not control and therefore should not consolidate any entity described below as Quilvest does not have power over the relevant activities of the entities.

Wealth Management segment

The QWM sub-group holds interests in non-operating entities. As these entities are not significant from a financial perspective, they are not included in the consolidation scope.

Private Equity Management segment

The Group does not have any interests in unconsolidated structured entities within the Private Equity management segment.

Private Equity Investment segment

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

| Type of structured entity | Nature and purpose | Interest held by Quilvest |
|---|--|--|
| QS GEO PEP S.C.A. SICAR QS GEO PEP II S.C.A. SICAR QS GEO PEP II Inc. QS GEO Mandates S.C.A. SICAR | | <ul style="list-style-type: none">- Investments in units/shares issued by structured entities- Dividend received as dividend income |
| QS REP I S.C.A. SIF QS REP II S.C.A. SIF | To generate fees from managing assets on behalf of third party investors | <ul style="list-style-type: none">- Capital repayment |
| QS Italy S.C.A. SICAR QS PDI S.C.A. SICAR | | <ul style="list-style-type: none">- Management fees, Monitoring fees and Transaction or set-up fees |
| Various QS vehicles | | <ul style="list-style-type: none">- Carried interests |

Private Equity operations are typically structured as follows:

- Quilvest invests in private equity investments that invest either in direct investments or in third party funds (the “ultimate target investments”), either directly or through Quilvest dedicated intermediary vehicles such as SICARs, SIFs, QS Companies or PEP entities;
- The purpose of such entities is to invest solely to obtain return from capital appreciation, investment income or both from their ultimate target investments;
- The activities such as the selection, the funding, the acquisition of the ultimate target investments, the monitoring of- and the disposal of these ultimate target investments (all together ‘Investment Management’ activities”) are key in assessing who controls such entities.
- When acting as Lead investor, Quilvest has power over the relevant activity. However there is no systematic link between the power and the variability of returns. The Group may consolidate such structured entities (refer to note 30.1 above) or has only an interests in these structured entities.
- When acting as Co-investor, Quilvest invests in a company or a property alongside a lead investor, and has no power over this activity and consequently no control. Consequently Quilvest does not consolidate such structured entities. The Group has however interests in these structured entities.

Maximum loss exposure to these structured entities is limited to their carrying amount and to the total of uncalled committed investment amount, included within Private equity open commitments as disclosed in Noted 28.4.3. and 29.

For more quantitative details on private equity investment operations, please refer to Notes 6 on Segment information and 28 on Risk management.

30.6 Management remuneration

Key management personnel is defined within the Group as members of the Board of Directors and Group management, as disclosed in the General Section of the annual report.

Director's and management's remunerations are included respectively in the "Other administrative expenses" and "Personnel" items detailed in Note 26.

| in \$ '000 | 2014 | | 2015 | |
|------------------------------|------------------------------------|-------------------------|------------------------------------|-------------------------|
| | Management and executive directors | Non-executive directors | Management and executive directors | Non-executive directors |
| Short-term employee benefits | | | | |
| - Fixed | 3 907 | 2 376 | 3 021 | 2 344 |
| - Variable | 2 588 | -- | 2 452 | -- |
| Post-employment benefits | 705 | -- | 400 | -- |
| Other long-term benefits | 25 | -- | 3 337 | -- |
| Total Remuneration | 7 225 | 2 376 | 9 210 | 2 344 |

No carried interest was paid to key management personnel in 2015 (2014: USD 319).

Other carried interest received by key management personnel in 2015 amounted to USD 23 (2014: USD 513).

31. Group employment

The number of employees was as follows, excluding personnel of controlled private equity investments (note 5):

| | 2014 | 2015 |
|---|------------|------------|
| Number of employees at 31 December | 376 | 407 |
| Average full time equivalent during the year | 383 | 391 |

32. Subsequent events

No event took place after closing of the reporting period, which would materially impact the financial position of the Group as of 31 December 2015 or require disclosure.



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Report of the Réviseur d'Entreprises agree to the shareholders

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated 12 June 2015, we have audited the accompanying annual accounts of Quilvest S.A., which comprise the balance sheet as at 31 December 2015, 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 of Quilvest S.A. as of 31 December 2015, 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.

Report on other legal and regulatory requirements

The directors' report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the annual accounts and includes the information required by the law with respect to the Corporate Governance Statement.

Luxembourg, 28 April 2016

KPMG Luxembourg, Société Coopérative
Cabinet de révision agréé

Jean-Manuel Séris

KPMG Luxembourg, Société coopérative, a Luxembourg entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
T.V.A. LU 27351518 / R.C.S. Luxembourg B 149133

Balance Sheet

Assets

| USD | Notes | 2014 | 2015 |
|---|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible fixed assets | 3 | | |
| Other fixtures and fittings, tools and equipment | | 331,611 | 261,057 |
| Payments on account and tangible fixed assets under development | | -- | -- |
| Financial fixed assets | 4 | | |
| Shares in affiliated undertakings | 4.1 | 549,266,821 | 549,203,825 |
| Amounts owed by affiliated undertakings | 4.2 | 43,298,141 | -- |
| | | 592,896,573 | 549,464,882 |
| Current assets | | | |
| Debtors | | | |
| Trade receivables | | | |
| becoming due and payable within one year | | 53,953 | 5,260 |
| Amounts owed by affiliated undertakings | | | |
| becoming due and payable within one year | | 10,160,863 | 852,789 |
| becoming due and payable after more than one year | | 4,246,439 | 12,090,893 |
| Other receivables | | | |
| becoming due and payable within one year | | 3,647 | 6,682 |
| becoming due and payable after more than one year | | 1,032,289 | 48,318 |
| Transferable securities and other financial instruments | | | |
| Own shares or own corporate units | 5.3 | 747,949 | 499,040 |
| Cash at bank, cash in postal cheque accounts, cheque and cash in hand | | 20,375,249 | 40,620,206 |
| | | 36,620,388 | 54,123,188 |
| Prepayments | | 99,077 | 80,219 |
| Total assets | | 629,616,038 | 603,668,289 |

The accompanying notes form an integral part of these annual accounts

Balance Sheet

Liabilities

| USD | Notes | 2014 | 2015 |
|---|-------|--------------------|--------------------|
| Capital and reserves | | | |
| | 5 | | |
| Subscribed capital | 5.1 | 44,989,630 | 44,989,630 |
| Share premium and similar premiums | | 110,248,614 | 110,248,614 |
| Reserves | | | |
| Legal reserve | 5.2 | 4,498,963 | 4,498,963 |
| Reserve for own shares or own corporate units | 5.3 | 747,949 | 499,040 |
| Profit or loss brought forward | 5.4 | 338,287,577 | 348,663,812 |
| Profit or loss for the financial year | | 20,103,969 | (12,571,886) |
| | | 496,328,173 | 518,876,702 |
| Subordinated debts | | | |
| | 6 | | |
| Non-convertible loans | | | |
| becoming due and payable within one year | | 400,759 | 364,647 |
| becoming due and payable after more than one year | | 105,201,833 | 105,201,833 |
| | | 105,602,593 | 105,566,481 |
| Provisions | | | |
| Other provisions | 14 | 1,518,217 | -- |
| | | 1,518,217 | -- |
| Non-subordinated debts | | | |
| Trade creditors | | | |
| becoming due and payable within one year | | 609,151 | 415,894 |
| Amounts owed to affiliated undertakings | | | |
| becoming due and payable within one year | | 1,428,482 | 22,969 |
| Tax and social security debts | | | |
| Tax debts | | 32,450 | 3,177 |
| Social security debts | | 30,214 | 23,845 |
| Other creditors | | | |
| becoming due and payable within one year | | 1,518,229 | 1,307,748 |
| | | 3,618,526 | 1,773,635 |
| Total liabilities | | 629,616,038 | 603,668,289 |

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

Profit and loss account

| USD | Notes | 2014 | 2015 |
|---|-------|-------------------|-------------------|
| Charges | | | |
| Other external charges | | 5,233,656 | 2,545,889 |
| Staff costs | 7 | | |
| Salaries and wages | | 1,689,805 | 1,447,872 |
| Social security on salaries and wages | | 112,926 | 84,734 |
| Supplementary pension costs | | 164,284 | 124,722 |
| Value adjustments | 3 | | |
| on formation expenses and on tangible and intangible fixed assets | | 110,604 | 114,709 |
| Other operating charges | 8 | 1,081,488 | 828,483 |
| Interest and other financial charges | | | |
| concerning affiliated undertakings | | 205,489 | 2,911,389 |
| other interest and similar financial charges | 9 | 19,501,208 | 6,770,006 |
| Income tax | 11 | 4,415 | 3,600 |
| Other taxes not included in the previous caption | | 32,285 | 26,666 |
| Profit for the financial year | | 20,103,969 | -- |
| | | 48,240,130 | 14,858,070 |
| Income | | | |
| Net turnover | 10 | 1,917,578 | 1,591,152 |
| Other operating income | | 179,238 | -- |
| Other interests and other financial income | | | |
| derived from affiliated undertakings | | 172,259 | 220,003 |
| other interest and similar financial income | 12 | 45,928,111 | 422,790 |
| Extraordinary income | 13 | 42,945 | 52,239 |
| Loss for the financial year | | -- | 12,571,886 |
| | | 48,240,130 | 14,858,070 |

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

Notes to the annual accounts

I. General

Quilvest S.A. (the “Company”) was incorporated on 20 December 1960 with the Luxembourg Registration Office-Company Register number B 6091. The Company’s registered office is established in 3 Boulevard Royal L-2449 Luxembourg.

The Company is registered as a “Société Anonyme” under the laws of the Grand-Duchy of Luxembourg.

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 1 January and ends on 31 December of each year.

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

2. Summary of significant accounting policies

2.1 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.

2.2 Significant accounting policies

a) 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 unless when leading to the recognition of an unrealized gain (see below).

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

b) Tangible fixed assets

Tangible fixed 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 | 16,66%, 20% to 33,33 % |
| Computer equipment (hardware) | 33,33% |
| Other fixtures and equipment | 16,66% |

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.

c) Financial fixed 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.

d) 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.

e) Own shares

Own shares are valued at purchase price.

f) Prepayments

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

g) Non-subordinated debts

Debts are recorded at their nominal value.

h) Net turnover

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

3. Tangible fixed assets

The analysis of the movement of tangible fixed assets for the year ended 31 December 2015 is as follow:

| In USD in 2015 | Other fixtures and fittings, tools and equipment | Total |
|---|--|------------------|
| Gross book value - opening balance | 529,955 | 529,955 |
| Additions for the year | 44,155 | 44,155 |
| Gross book value - closing balance | 574,110 | 574,110 |
| Accumulated value adjustment - opening | (198,344) | (198,344) |
| Allocations for the year | (114,709) | (114,709) |
| Accumulated value adjustment - closing | (313,053) | (313,053) |
| Net book value - closing balance | 261,057 | 261,057 |
| Net book value - opening balance | 331,611 | 331,611 |

4. Financial fixed assets

The analysis of the movement of financial fixed assets for the year ended 31 December 2015 is as follow:

Affiliated undertakings

| In USD in 2015 | Shares in affiliated undertakings | Amounts owed by affiliated undertakings | Total |
|---|-----------------------------------|---|--------------------|
| Gross book value - opening balance | 549,266,821 | 43,298,141 | 592,564,962 |
| Disposals for the year | (62,996) | -- | (62,996) |
| Repayments for the year | -- | (43,298,141) | (43,298,141) |
| Gross book value - closing balance | 549,203,825 | -- | 549,203,825 |
| Net book value - closing balance | 549,203,825 | -- | 549,203,825 |
| Net book value - opening balance | 549,266,821 | 43,298,141 | 592,564,962 |

4.1 Shares in affiliated undertakings

| Name of undertaking | Registered office | Cost (in USD) | Proportion of capital held (in %) |
|---------------------------------|---|---------------|-----------------------------------|
| Quilvest Europe S.A. | 3, Boulevard Royal L-2449 Luxembourg | 316,262,231 | 100 |
| Quilvest & Partners S.A. | 3, Boulevard Royal L-2449 Luxembourg | 906,552 | 79 |
| Quilvest Wealth Management S.A. | 48, rue Charles Martel L-2134 Luxembourg | 232,035,042 | 66 |

In accordance with article 67 (3(a) of the law of 19 December 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.

4.2 Amounts owed by affiliated undertakings

Amounts owed by affiliated undertakings were 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 maturing on December 17, 2070. As at December 31, 2015, the balance is EUR 0 (USD 0) (in 2014: EUR 15,000,000 (USD 18,402,024)) and of USD 0 (in 2014: USD 24,896,117) respectively. In the context of the non-convertible bonds refinancing (see note 6.1), the affiliated undertakings proceeded to a completely repayment of these loans.

5. Capital and reserves

5.1 Subscribed capital

As of 31 December 2015, the Company's authorized 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.

5.2 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.

5.3 Reserve for own shares

The Company purchased, during the period from 1 January to 31 December 2015, 60 own shares for an amount of USD 5,444 and sold 2,500 own shares for an amount of USD 283,750 (cost of USD 254,353), both included in the assets shown in the balance sheet.

In accordance with the law, the Company has created a non-distributable reserve included in the account "Reserve for own shares". As at year-end, the reserve for own shares amounts to USD 499,040.

During the period ended 31 December 2015, the Company's direct or indirect subsidiaries acquired no additional treasury shares and sold no treasury share.

As at 31 December 2015, 40,253 Quilvest shares are directly and indirectly held (in 2014: 42,693), of which 35,348 (in 2014: 35,348) shares by the subsidiaries of the Company and 4,905 (in 2014: 7,345) shares by the Company.

5.4 Movements for the year on the reserves

The movements for the year are as follows:

| | Legal reserve | Reserve for own shares | Profit or loss brought forward |
|-------------------------------------|---------------|------------------------|--------------------------------|
| As at 31 December 2014 | 4,498,963 | 747,949 | 338,287,577 |
| Movements for the year: | | | |
| 2015 result brought forward | -- | -- | (20,103,969) |
| Reduction of reserve for own shares | -- | (248,908) | 248,908 |
| Dividends distribution | -- | -- | (9,976,642) |
| As at 31 December 2015 | 4,498,963 | 499,040 | 348,663,812 |

6. Subordinated debts

Non-convertible loans

On 8 December 2014, the Company issued subordinated loans for a total amount of EUR 76,328,000 (USD 93,562,862) and USD 11,638,971, bearing an interest rate of 6% p.a., payable annually in arrear as of 8 December commencing on 8 December 2015 and maturing in 2018. The portion held by the affiliated undertakings amounts to EUR 34,478,000 (USD 42,263,132) and USD 11,638,971.

The accrued interest as at 31 December 2015 amounts to EUR 292,591 (USD 320,031) (in 2014: EUR 292,591 (USD 356,143)) and USD 44,616 (in 2014: USD 44,616). The portion held by the affiliated undertakings amounts to EUR 132,166 (USD 144,561) (in 2014: EUR 132,166 (USD 160,873)) and USD 44,616 (in 2014: USD 44,616).

7. Staff costs

As at 31 December 2015, the average full time working employees were 6 (in 2014: 6).

8. Remuneration of the Board of Directors

The emoluments granted to members of the Board of Directors in the amount of USD 793,137 (in 2014: USD 981,419) are included in the other operating charges.

9. Interest and other financial charges

The other interest and similar charges include mainly the interest expense of USD 5,585,855 (including USD 2,911,389 with affiliated undertakings) (in 2014: USD 400,759 (including USD 205,489 with affiliated undertakings)) in relation to subordinated debts and realized and unrealized exchange losses of USD 4,095,540 (in 2014: USD 2,014,676).

10. Net turnover

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

| In USD | 2014 | 2015 |
|---------------------------------|------------------|------------------|
| Categories of activities | | |
| Administrative services | 1,161,618 | 1,000,000 |
| Consultancy services | 310,542 | 269,881 |
| Rental income | 438,545 | 318,988 |
| Reinvoicing fees | 6,873 | 2,283 |
| | 1,917,578 | 1,591,152 |
| Geographical markets | | |
| Luxembourg | 1,630,178 | 1,350,767 |
| Spain | 26,858 | 25,000 |
| Switzerland | 260,542 | 215,385 |
| | 1,917,578 | 1,591,152 |

The majority of those services are rendered to affiliated undertakings.

11. Taxation

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

12. Other interest and similar financial income

The other interest and similar financial income include mainly the other realized exchange gain of USD 422,790 (in 2014: USD 45,928,084) and interests derived from affiliated undertakings of USD 220,003 (in 2014: USD 172,259).

13. Extraordinary income

The extraordinary income includes mainly the income realized further to the sale of the 2,500 own shares amounting to USD 29,397 (in 2014: USD 22,980).

14. Off-balance sheet commitments

As of 14 November 2014, the Company signed a facilities agreement as guarantor of the global credit line of EUR 150,000,000 committed to several companies of the Group.

The Company issued on 25 January 2013 a letter of guarantee in favour of a bank committed to guarantee the rent cost of 3, Boulevard Royal. New letter of guarantee following owner change.

On 21 April 2004 the Company issued a letter of guarantee in favour of a bank for an amount of 1,500,000 CHF, committed to guarantee the payment of the partial loan the bank has granted to an affiliated undertaking. In 2014, the Company decided to proceed to an allocation of financial provision of the guarantee amounting to 1,500,000 CHF (1,518,217 USD). On 20 November 2015 the Company paid the guarantee amounting to 1,500,000 CHF and the letter of guarantee became effective.

On 30 March 2015 the Company entered into a guarantee agreement with QS Capital Strategies L.P. (indirect "Partnership" of the Company) and the US Small Business Administration. The Company guarantees to the Partnership full and prompt payment of each Investors's capital commitments if they have not been paid to the Partnership by the Investors (unfunded commitments that Investors have subscribed for limited partnership interests in the Partnership). In accordance with the guarantee agreement, the Company's liability under this guarantee will in no event exceed an amount equal to the aggregate amount of the unfunded commitments and amounts to 80,000,000 USD.

15. Subsequent events

Further to a law on mandatory immobilisation of bearer shares and units, that entered into force on 18 August 2014, the Company decided to reduce its share capital on 17 March 2016 by the cancellation of 7,585 bearer shares which had not been immobilised as of 18 February 2016 as required by law. The issued share capital was reduced as a result from USD 44,989,630 to USD 44,938,361.

Earnings and allocations

| Proposal | in USD |
|----------------------------------|--------------------|
| Profit or loss brought forward | 338 287 577 |
| Loss for the financial year | (12 571 886) |
| Total proposed allocation | 325 715 691 |

| Proposed allocation and distribution | in USD |
|--|--------------------|
| Profit or loss brought forward | 338 287 577 |
| Loss for the financial year | (12 571 886) |
| Gross dividend payment | (13 216 324) |
| Total proposed allocation to profit or loss brought forward | 312 499 367 |

The Board of Directors proposed the payment of a dividend for the year ended 31 December 2015 of USD 2.00 per share.

No delegation of day-to-day management task for the Company was made by the Board of Directors to any of its members.

A gross remuneration of USD 840,000 will be proposed for the year 2015.