

Interim group report

June 2006

Management report at June 30, 2006

Financial Environment

Equity markets sustained their strong run of last years in the first months of 2006. World equity markets, measured by the MSCI World Index, gained 6.4% during the first six months of the year.

The USD weakened against all major currencies due to the Fed raising interest rates and the US trade deficit extending its trend. Major currencies were highly volatile during the first half-year 2006. Quilvest's global portfolio was positively affected by such swings, as our investment activities are spread mainly over Europe and the United States.

Activity

Quilvest's two core businesses, private equity and wealth management, continued to grow during the first 6 months 2006.

Private Equity

This was a very active period for Quilvest Private Equity. In Europe we exited Combursa, Integral Press, Nocibé as well as one third of our stake in Azulev. We also exited AQS in the US. All exits generated significant returns.

On the investment front in Europe, we co-led the acquisition of Hydrex in the UK, an equipment rental company. We decided to reinvest along TCR in Nocibé, in the new LBO of this attractive and growing company. In the US, we closed a co-led transaction in Kadent, a company active in the receivables collection business.

The venture team of Quilvest invested in two companies: AMPD and Tzero.

Overall, the private equity markets continued to perform well with generous credit support and attractive underlying macro fundamentals. Those favorable market dynamics are especially well reflected in our fund of funds activity (QS PEP vintages) which continued to witness a healthy level of capital calls and distribution activity. Our half-year valuations of third party funds derived from quarterly financial reports, which are usually not significantly updated between closing dates.

Wealth Management

Our two subsidiaries, Société Internationale de Finance (SIF) and Quilvest Banque Privée (QBP) have increased their assets under management.

SIF continued to strengthen its wealth management and advisory business during the first 6 months of 2006. Assets under management grew significantly by 11.4% to USD 4.7 billion. The overall positive performance as well as the SIF Advantage investment program continued to deliver top quartile returns. To support this growth, SIF continued to hire high calibre and experienced professionals at all levels of the organization. Headcount full-time equivalents (FTE) grew in the first 6 months of 2006 by 5 persons to 51 FTE's and SIF is expecting to reach more than 60 FTE's by the end of the year.

Compared with the previous year, SIF has doubled the profit after tax to CHF 1.9 million or 74% above expected profit.

QBP's activities, as well as those of its subsidiaries, were positive in the first half of 2006.

QBP acquired 30% of the minority interests of Société Gestor Finance with the ultimate objective to merge both entities. In addition, during the first quarter the bank launched the two directly held management companies Quilvest Alternative Investment, specialized in alternative multi-management and Quilvest Capital Partners, structuring and managing investments in private equity funds.

In terms of profit, consolidated revenues and operational profits of QBP have exceeded expectations.

Board of Directors and Management

Board of Directors

Julio E. Nuñez, Honorary Chairman

Alvaro Sainz de Vicuña, Chairman

Christian Baillet, Director

Peter Bemberg, Director

André Elvinger, Director

Serge de Ganay, Director

Louis-James de Viel Castel, Director

François de Carbonnel, Director

International Advisory Services, Director

Executive Management

Christian Baillet, CEO of Quilvest

F. Michel Abouchalache, General Manager and CEO Quilvest Private Equity

Jean-Benoît Lachaise, General Secretary of Quilvest and Group Controller

Statutory and group auditors

KPMG Audit S. à r. l.

KPMG Klynveld Peat Marwick Goerdere S.A.

Trade Register

R.C.S. Luxembourg B6091

Registered Office

**84, Grand-Rue
L - 1660 Luxembourg**

Tel. : (352) 47 38 85

Fax : (352) 22 60 56

**Contact : infolux@quilweb.com
www.quilvest.com**

Quilvest Group - Consolidated Financial Statements

Consolidated Balance Sheet at June 30, 2006

	in thousands USD	06 2006	12 2005
Assets			
Cash and cash equivalents		64,246	82,250
Income tax receivable		0	4
Loans and advances to bank customers		138,978	82,862
Other receivables, accrued income and prepaid expenses		38,781	23,166
Investments		552,473	538,564
Property, plant and equipment		13,655	12,168
Investment Property		7,473	6,952
Intangible assets		14,455	13,068
Investments in associates		4,085	4,364
Deferred tax assets		41	14
Total assets		834,186	763,412
Liabilities and equity			
Financial liabilities held for trading		1,155	1,293
Income tax payable		2,352	2,299
Deposits from banks		61,097	34,773
Deposits from bank customers		118,297	83,863
Other liabilities, deferred income and accrued expenses		55,126	37,209
Interest-bearing liabilities		22,237	28,345
Employee benefit obligation		1,418	1,253
Provisions		461	428
Deferred tax liabilities		7,005	6,537
Total liabilities		269,147	196,000
Share capital		36,500	36,500
Share premium		20,277	22,137
Reserves		(2,388)	(9,755)
Retained earnings		474,872	417,592
Net profit for the period - Group share		11,441	73,557
Total equity attributable to shareholders of the parent		540,702	540,031
Minority interest		24,337	27,381
Total equity		565,039	567,412
Total liabilities and equity		834,186	763,412

Quilvest Group - Consolidated Financial Statements

Consolidated Income Statement for the interim period ending June 30, 2006

	in thousands USD	06 2006	06 2005
Net income from directly held investments		10,421	6,772
Net income from banking activities		18,699	15,921
Other operating income		8,691	6,376
General administrative expenses		(25,837)	(23,154)
Depreciation, amortization and impairment losses		(110)	(515)
Financial income		3,159	1,843
Financial expenses		(3,766)	(2,026)
Income from associates		416	370
Profit before tax		<u>11,673</u>	<u>5,588</u>
Income tax expense		(1,624)	(759)
Profit for the period		<u>10,049</u>	<u>4,829</u>
Attributable to the Shareholders of the parent		11,441	3,705
Minority interest		-1,392	1,124
Basic earnings per share (in \$)		2.1	0.7
Diluted earnings per share (in \$)		2.2	0.8

Quilvest Group - Consolidated Financial Statements

Consolidated Cash-flow Statement at June 30, 2006

	in thousands USD	06 2006	06 2005
Net profit / (loss) before tax		11,673	5,588
Depreciation and amortization and impairment losses		136	333
Change in fair value of financial assets held at fair value through P&L		(8,160)	(1,586)
Gain on sale of investments, property and equipment		(462)	(282)
Other non-cash items		415	(184)
Add / (deduct) interests paid / received		(173)	(79)
 <u>Changes in operating assets and liabilities</u>			
(Increase) / decrease in loans and advances to customers		(42,382)	(69,013)
(Increase) / decrease in other assets and receivables		(13,430)	(2,802)
Increase / (decrease) in financial liabilities held for trading		(1,301)	1,291
Increase / (decrease) in deposits from banks		25,371	7,182
Increase / (decrease) in deposits from customers		28,524	77,348
Increase / (decrease) in other liabilities		(11,204)	(495)
Increase / (decrease) in provisions		20	(292)
Income taxes paid		(905)	334
Net cash provided by / (used in) operating activities		(11,881)	17,344
Acquisition of investments		(92,267)	(117,013)
Proceeds from sale of investments		89,996	83,669
Acquisition of associates		75	(2,734)
Proceeds from disposal of associates		-	-
Acquisition of property, plant and equipment		(1,122)	(354)
Proceeds from disposal of property, plant and equipment		36	-
Acquisition of intangible assets		(517)	(802)
Acquisition of subsidiaries, net of cash acquired		(4,586)	(3,421)
Interest received ((paid)		173	79
Dividends received		962	280
Net cash provided by / (used in) investing activities		(7,251)	(40,296)
Repurchase of own shares		(302)	(194)
Contributions from co-investors		1,520	-
Repayment of interest-bearing liabilities		-	(4,294)
Dividends paid		(645)	(1,173)
Net cash provided by / (used in) financing activities		573	(5,662)
Net increase / (decrease) in cash and cash equivalents		(18,559)	(28,614)
Cash and cash equivalents at beginning of year		82,250	71,707
Effect of exchange rate fluctuations on cash and cash equivalents held		554	(4,413)
Cash and cash equivalents at end of period		64,246	38,680

Quilvest Group - Consolidated Financial Statements

Statement of changes in equity from January 1, 2005 till June 30, 2005

(in thousands USD)	Subscribed capital	Additional paid-in capital	Treasury shares	Translation reserve	Reevaluation own-use buildings	Retained earnings	Year result	Total Group	Minority reserves	Minority result	Total Minority	Total Equity
Balance at January 1, 2005	36,500	22,138	-249	7,863	2,530	375,748	48,702	493,231	15,661	3,272	18,933	512,164
Transfer of previous year result						48,702	(48,702)		3,272	(3,272)		
Changes in scope				(137)				(137)	1,082		2,384	2,656
Translation adjustments				(10,117)	(281)			(10,398)	(1,043)		(1,378)	(20,982)
Repurchase of own shares			(194)					(194)				(567)
Year result							3,705	3,705		1,124	8,098	81,655
Capital distributions									(371)		8,098	(1,894)
Dividends paid						(6,858)		(6,858)	(227)		(368)	(7,226)
Movements of the period 2005	0	0	(194)	(10,254)	(281)	41,844	(44,997)	(13,882)	2,713	(2,148)	16,834	55,249
Balance at June 30, 2005	36,500	22,138	-443	-2,391	2,248	417,592	3,705	479,349	18,373	1,124	19,497	498,846

Statement of changes in equity from January 1, 2006 till June 30, 2006

(in thousands USD)	Subscribed capital	Additional paid-in capital	Treasury shares	Translation reserve	Reevaluation own-use buildings	Retained earnings	Year result	Total Group	Minority reserves	Minority result	Total Minority	Total Equity
Balance at January 1, 2006	36,500	22,138	-815	-11,141	2,202	417,592	73,557	540,031	19,283	8,098	27,382	567,413
Transfer of previous year result						73,557	(73,557)		8,098	(8,098)		
Changes in scope									462		462	462
Translation adjustments				7,454	215	(9,935)		(2,266)	869		869	(1,396)
Repurchase of own shares			(302)					(302)			0	(302)
Year result							11,441	11,441		(1,392)	(1,392)	10,049
Capital distributions									(981)	0	(981)	(981)
Change on BPQV Minority reserves									(1,662)		(1,662)	(1,662)
Dividends paid		(1,861)				(6,342)		(8,203)	(340)		(340)	(8,543)
Movements of the period 2006	0	(1,861)	(302)	7,454	215	57,280	(62,116)	670	6,446	(9,490)	(3,044)	(2,374)
Balance at June 30, 2006	36,500	20,277	-1,118	-3,687	2,417	474,872	11,441	540,702	25,730	-1,392	24,337	565,039

Notes to the Interim Consolidated Financial Statements at June 30, 2006

Note 1 - Summary of Activities

QUILVEST S.A. (the Company) is a Luxembourg holding company incorporated in December 1960 under the laws of August 10, 1915 and July 31, 1929 as amended.

The Company is a financial holding entity, controlling two sub-holding companies, Quilvest Private Equity Ltd, Tortola, British Virgin Islands, and Quilvest Europe SA, Luxembourg.

The business of Quilvest Private Equity Ltd. and subsidiaries is that of an investment holding company, investing both directly and indirectly. The investments include direct equity and debt investments in private equity made in the United States, Europe, South-East Asia and Latin America.

Quilvest Europe SA, Luxembourg invests in European markets and controls Quilvest France and its subsidiaries. Quilvest France makes public and private investments in France. Two of the subsidiaries of Quilvest Europe, namely Société Internationale de Finance (SIF) in Zurich, Switzerland and Quilvest Banque Privée in Paris, France, are involved in banking activities.

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

Quilvest Banque Privée is a bank, and its main activities consist of asset management and investment advisory services.

Note 2 - Basis of Presentation

The consolidated interim financial statements are prepared and presented under condensed format and in accordance with IAS 34.

The interim consolidated financial statements have been prepared in accordance with the IFRS framework for the first time at June 30, 2006 and the corresponding amounts at June 30, 2005 have been restated in order to be comparable.

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

The accounting policies and consolidation methods are coherent with those applied for the financial statements at December 2005.

For the exhaustive list of these policies, please refer to their detailed presentation made in the last annual report.

These interim financial statements have been approved by the Board Meeting held in Paris on September 20, 2006. They were not submitted to external revision.

Notes to the Interim Consolidated Financial Statements at June 30, 2006 (continued)

Note 3 - Foreign Currencies

Foreign Currency Translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction or at average rates that approximate the spot rates of a number of transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

Financial Statements of Foreign Operations

Assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on consolidation, are translated to US-Dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign subsidiaries are translated to US-Dollars at average rates. Exchange differences arising on translation of foreign entities are recognized directly in shareholders' equity.

Currency exchange rates

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

	<u>EUR/USD</u>	<u>CHF/USD</u>	<u>GBP/USD</u>
Opening 2005	0.73570	1.13710	0.52086
Average 6 months 2005	0.77751	1.21090	0.53477
June 30, 2005	0.82782	1.28350	0.55363
Average 6 months 2006	0.81307	1.26740	0.55718
June 30, 2006	0.78639	1.22440	0.54437

Note 4 - Changes in the scope of consolidation

Compared to year-end 2005, the following changes in the scope of consolidation were integrated in these interim financial statements.

In the Private Equity sub-group, a new company, Eviso SA, was created in order to buy back some minority interests in several investing vehicles. The underlying investments were purchased at a global price of USD 4,146 thousand. Their fair market value at June 30, 2006 was USD 6,336 thousand.

Moreover, several new private equity vehicles were incorporated during the first semester 2006 and their investments integrated at cost in these interim financial statements.

The new vehicles are QS Mobile, QS Wideband, QS Fragrance, QS Equipment and QS Safety. The total value of their underlying investments is integrated at cost at June 30, 2006 for a total amount of USD 16,309 thousand.

Two investment vehicles were dissolved during the first semester 2006, QS Software and QS Perfume. The disposal of their underlying investments led to a cash inflow of USD 5,485 thousand.

Notes to the Interim Consolidated Financial Statements at June 30, 2006 (continued)

In France, Quilvest Holding France was dissolved on June 30, 2006 without liquidation by decision of its sole shareholder Quilvest Capital France. The merger is effective retroactively from January 1, 2006. The operation is based on the net asset value of Quilvest Holding France as at December 31, 2005 without cash settlement. The new structure has been renamed Quilvest France on September 4, 2006.

Note 5 - Financial investments

The cash movements related to the financial investments are highlighted in the cash flow statement under the investing activities. Acquisitions of financial investments generated at June 30, 2006 a cash outflow of USD 92,267 thousand and disposals from financial investments generated a cash inflow of USD 89,996 thousand. The change in fair market value of the sold investments, i.e. the exit price compared to the fair market value at 31 December 2005 of the exited investments, is not significant.

Note 6 - Equity

The statement of changes in equity at June 30, 2006 integrates the allocation of earnings decided by the General Shareholders' meeting held on June 22, 2006 in Luxemburg. The allocation includes the payment of a gross dividend of USD 8,203 thousand.

As of June 30, 2006 the subscribed capital of Quilvest S.A. amounts to USD 36,500 thousand and is represented by 5,400,000 ordinary shares, fully paid up. No changes have occurred since December 31, 2005.

During the first semester 2006 the group acquired 4,280 additional own Quilvest shares for a total amount of USD 302,336. At June 30, 2006, the group owns 17,207 treasury shares for a total purchase cost of USD 1,118,010. According to the IFRS principles, the total purchase price of these shares is deducted from group equity.

Note 7 - Weighted and diluted earnings per share

The calculation of basic earnings per share at June 30, 2006 and June 30, 2005 is based on the net profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the periods under review calculated as follows:

a) Calculation of IFRS weighted number of shares

	06 2006	06 2005
Net profit attributable to the shareholders of the parent	11,441	3,705
Issued ordinary shares at January 1	5,400,000	5,400,000
Effect of own shares held	-3,677	-2,290
Weighted average number of ordinary shares at June 30	5,396,323	5,397,710
Net basic profit per share (USD)	2.1	0.7

Notes to the Interim Consolidated Financial Statements at June 30, 2006 (continued)

b) Calculation of IFRS diluted average number of shares

	06 2006	06 2005
Net profit attributable to the shareholders of the parent	11,441	3,705
Interest of convertible bonds, net of tax	695	686
Adjusted net profit for the year	12,136	4,391
Weighted average number of shares at June 30	5,396,323	5,397,710
Effect of potential conversion of convertible bonds	176,000	176,000
Diluted average number of ordinary shares at June 30	5,572,323	5,573,710
Net weighted diluted profit per share (USD)	2.2	0.8

On July 1, 2003 Quilvest issued 160,000 bonds at a nominal price of USD 100 each, bearing an interest rate of 3%, p.a. payable annually on June 30, maturing in 2008. The bonds are convertible at the option of the bondholders upon maturity at a conversion rate of one for 1.1 Quilvest share.

176,000 additional shares are expected to be issued in case of total conversion of this bond at maturity.

The weighted diluted profit per share integrates the potential conversion of this convertible bond on the total number of shares as well as the gain on group profit resulting from the non-payment of interest due to bondholders.

Note 8 - Segment information

The breakdown of the income statement according to the primary business segmentation can be summarized as follows :

	Private Equity	Wealth management	Corporate	Total 06 2006
Net income from investments	8,971	1,450	0	10,421
Net banking income	0	18,699	0	18,699
Net other income	5,666	3,187	-162	8,691
Operating expenses	-6,973	-17,374	-1,599	-25,947
Operating result	7,663	5,962	-1,761	11,863
Net financial result	923	-1,023	-507	-607
Net income from associates	134	282	0	416
Income tax	-180	-1,334	-111	-1,624
Net result	8,541	3,886	-2,379	10,049
Group share	10,568	3,252	-2,379	11,441
Minority interests in result	-2,027	634	0	-1,392

Notes to the Interim Consolidated Financial Statements at June 30, 2006 (continued)

Note 9 - Contingencies

The open private equity commitments towards third party funds increased during first semester 2006 by about USD 9 million to a global group commitment of USD 178,846 thousand.

Note 10 - Subsequent events

Since the approval of these interim financial statements by the Board Members on September 20, 2006, no material event has occurred that could have significantly impacted the figures presented.