

The background of the entire page is a high-angle, aerial photograph of the New York City skyline during the 'golden hour' of sunset. The sky transitions from a deep orange near the horizon to a pale purple at the top. The city's skyscrapers are densely packed, with many windows glowing with warm interior lights. The Hudson River and the East River are visible in the distance, reflecting the orange light of the setting sun. The Empire State Building is prominent on the left, and the modern, angular architecture of the Hudson Yards complex is visible on the right.

Annual Report
2013



Annual Report
2013

Table of Contents

General Section

Part One

List of Directors and Group Management	7
Chairman's Statement	8
Chief Executive Officer's Statement	9
Management Responsibility Statement	10
Group Highlights	15
Corporate Governance	27

Financial Section

Part Two

Directors' Report	35
Auditor's report	43
Consolidated Financial Statements	44
Auditor's report	125
Separate Financial Statements	126
Earnings and Allocation	135



General
Section

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, Montevideo, Hong Kong, Singapore and São Paulo.

List of Directors and Group management

Honorary Chairman

Julio E. Nuñez

Board of Directors

Chairman

Christian Baillet

Vice-Chairman

F. Michel Abouchalache

Directors

Peter Bemberg
Serge de Ganay
André Elvinger
Robert Kneip (as from 14 June 2013)
François Manset
Ramon de Oliveira-Cezar (until 13 June 2013)
Stanislas Poniatowski
Alvaro Sainz de Vicuña
International Advisory Services

Audit Committee

François Manset, President
Christian Baillet

Remuneration Committee

Serge de Ganay, President
Christian Baillet
Stanislas Poniatowski

Strategic Committee

Peter Bemberg, President
F. Michel Abouchalache
Christian Baillet
Serge de Ganay
François Manset
Ramon de Oliveira-Cezar (until 13 June 2013)
Stanislas Poniatowski
Alvaro Sainz de Vicuña

Group Management

CEO Quilvest Group
F. Michel Abouchalache
CEO Quilvest Wealth Management
Marc Hoffmann
Secretary General and Group Controller
Jean-Benoît Lachaise

Statutory and Group Auditors

KPMG Luxembourg S.à r.l.

Chairman's Statement

As mentioned to you last year, Quilvest is finalizing its recovery after the financial crisis of a few years ago. It has been confirmed in 2013 with a net asset value growth of double digits in percentage. We have always claimed that the real measure of our performance is the net asset value growth and the target has always been a range of 8 to 10 % over the long term. It is also worth to point out that both businesses have contributed to 2013 performance.

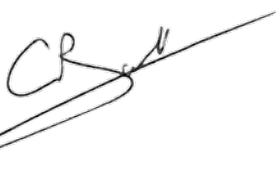
In Private Equity, all the asset categories have shown positive results, and the growth of assets under management has been spectacular with a new record. We have now reached a critical size which allows enough diversification, in particular in the fund of funds business. Now that the Quilvest brand has been widely established, we are going to concentrate on an acceleration of our direct investments activity. That may be accomplished through new vehicles to be set up and the hiring of additional talents to complete and strengthen our capacity in that field. It will result in a better balance for Quilvest between direct investments and funds.

In the Wealth Management business, we have restructured successfully our French operations which have acted recently in a difficult environment. The Swiss entity and in particular the Luxembourg entity have developed very well in 2013. We are going to continue that effort, in particular in the most recent offices which are Singapore and Geneva, and we are also actively pursuing external developments in other parts of the world where private banking has good prospects.

Those good results should allow an increase of the dividend and we can confirm that as of today the prospects for 2014 are good and in line with 2013 results.

Such effort would not have been possible without the commitment, the hard work and the talents of our professionals and employees, and I wish, on behalf of the Shareholders and the Board Members, to thank them for their efforts. Personally, I will also make sure that Quilvest and its full organization continue to develop with the highest level of transparency and ethics which have been our values since many decades.

Luxembourg, 29 April 2014

A handwritten signature in black ink, appearing to be 'CB', with a long, sweeping horizontal line extending to the right.

Christian Baillet

Chairman of the Board of Directors

Chief Executive Officer's Statement

As predicted, 2013 was a good year for the global capital markets and for the Quilvest Group. Net Asset Value ("NAV") growth over the year exceeded our projections with approximately a pro-forma 11% increase and approximately a 9% increase if we include the impact of a more conservative Quilvest & Partners ("Q&P") goodwill valuation method. This value increase was mainly driven by our private equity portfolio and its various programs which all continued to perform well. QS PEP, our flagship fund of funds program, had a tangible value pick up across all of its mature vintages and had a record distributions year. We continued to see such record level distributions during the first quarter of 2014 and do not foresee a slowdown any time soon. Our direct private equity investments portfolio had also a very positive year with several investments, such as Acrotec, Algeco Scotsman, Yo! Sushi, Tiendas 3B and Anthony's Pizza, to name a few, increasing significantly in value.

Our new investments activity was very strong last year with an acceleration towards the latter half of the year and a record number of QS Companies and QS Properties in any given year. So was our fund raising activity across our two core businesses, private equity and wealth management. In particular, last year was marked by the development in private equity and real estate of 4 new

a record fund raising year, exceeding for the first time ever the USD 1 billion level on a calendar year

institutional mandates which led to a record fund raising year for Q&P, exceeding for the first time ever the USD 1 billion level in a calendar year and surpassing our fund raising budget by 2.5 folds. Our positive fund raising and portfolio performance led to a better than budgeted Q&P net income, landing at USD 10 million for the year versus a USD 2 million budget. Such a record profitability level is expected to be maintained or slightly increased during 2014.

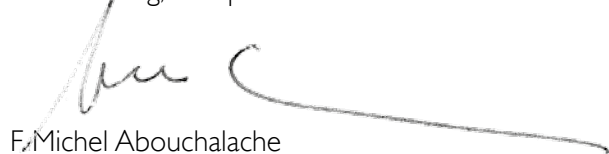
On the Quilvest Wealth Management front ("QWM"), we saw continued strong fund raising and performance except at Quilvest Banque Privée ("QBP"), our bank in France. The bank in France faced severe headwinds and had to adapt its business model to the new realities of the market. Many changes were implemented at the bank during the year. Those led to several one time exceptional expenses and to a negative income statement for the bank. The implementation was successful and the bank today is cruising at levels that could yield a positive profitability in 2014.

the Group continues to have positive perspectives for 2014 and is set for new highs in the coming few years

Despite the negative QBP impact on the 2013 NAV, the Wealth Management business contributed on a consolidated basis a positive USD 12 million to our Group NAV increase. This confirms the solid recovery of this business and the merits of the Compagnie de Banque Privée acquisition (now CBP Quilvest). QWM is forecast to deliver a USD 6 million positive profitability for the year compared to a negative USD 3.1 million in 2013.

With its two core businesses now plowing ahead, the Group continues to have positive perspectives for 2014 and is set for new highs in the coming few years. Our Q1 2014 points in this direction. We see no slow down and remain positive on our outlook.

Luxembourg, 29 April 2014



F. Michel Abouchalache

Chief Executive Officer

Management Responsibility Statement

I, F. Michel Abouchalache, Chief Executive Officer confirm, to the best of my 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, 29 April 2014

A handwritten signature in dark ink, appearing to read 'F. Michel Abouchalache', followed by a long horizontal line extending to the right.

F. Michel Abouchalache

Chief Executive Officer





Group Highlights

Group Highlights

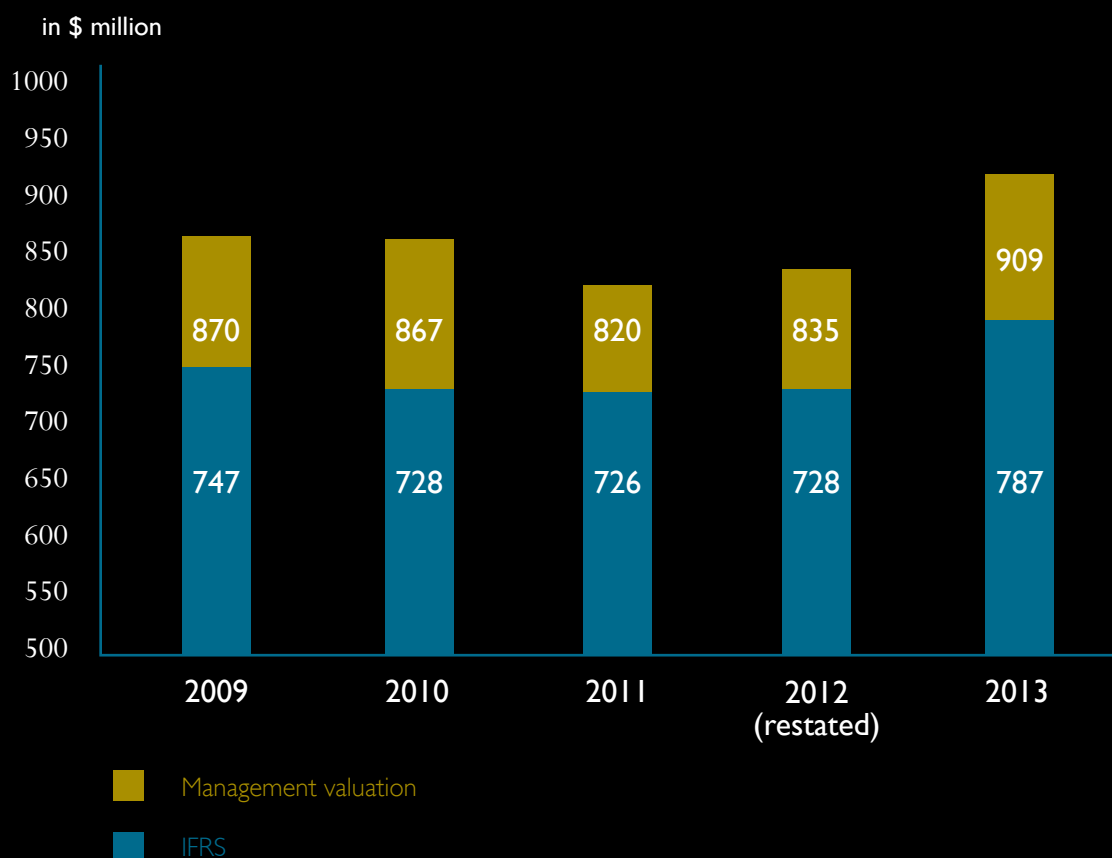
In \$ million	2012 (restated)*	2013
Total assets (IFRS)	3,307.2	3,592.9
Total liabilities (IFRS)	2,458.0	2,616.8
Group equity - shareholders of the parent (IFRS)	727.9	787.1
Restatement of goodwill Wealth Management	26.8	32.3
Restatement of goodwill Private Equity	45.8	34.5
Accounting policy differences	34.4	54.8
Net asset value (Management valuation)	834.9	908.7
Group net result (IFRS)	0.0	57.2
In \$		
Group net basic earnings per share (IFRS)	0.0	8.6
Group net asset value per share (IFRS)	109.3	118.2
Net asset value per share (Management valuation)	125.4	136.5
Total shares issued as of reporting date	6,656,000	6,656,000

* As a result of the amendments to employee defined benefit obligations under IFRS – Refer Note 2.4 of the consolidated financial statements

“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

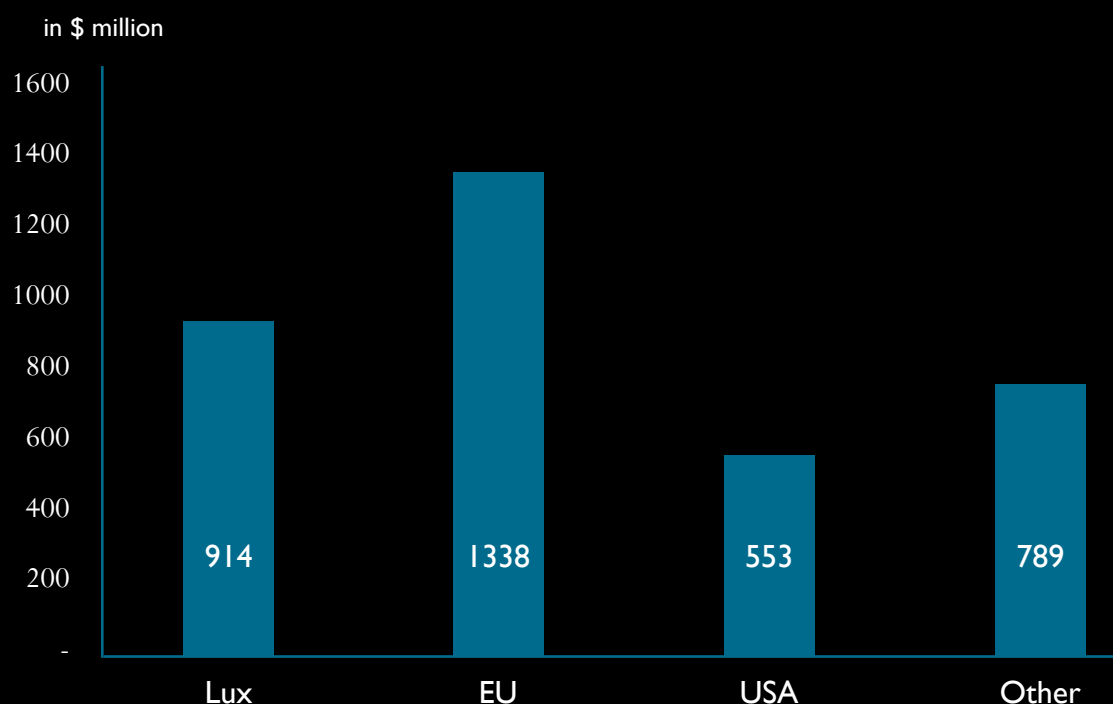
Group Net Asset Value (in \$ million) (based on management valuation)



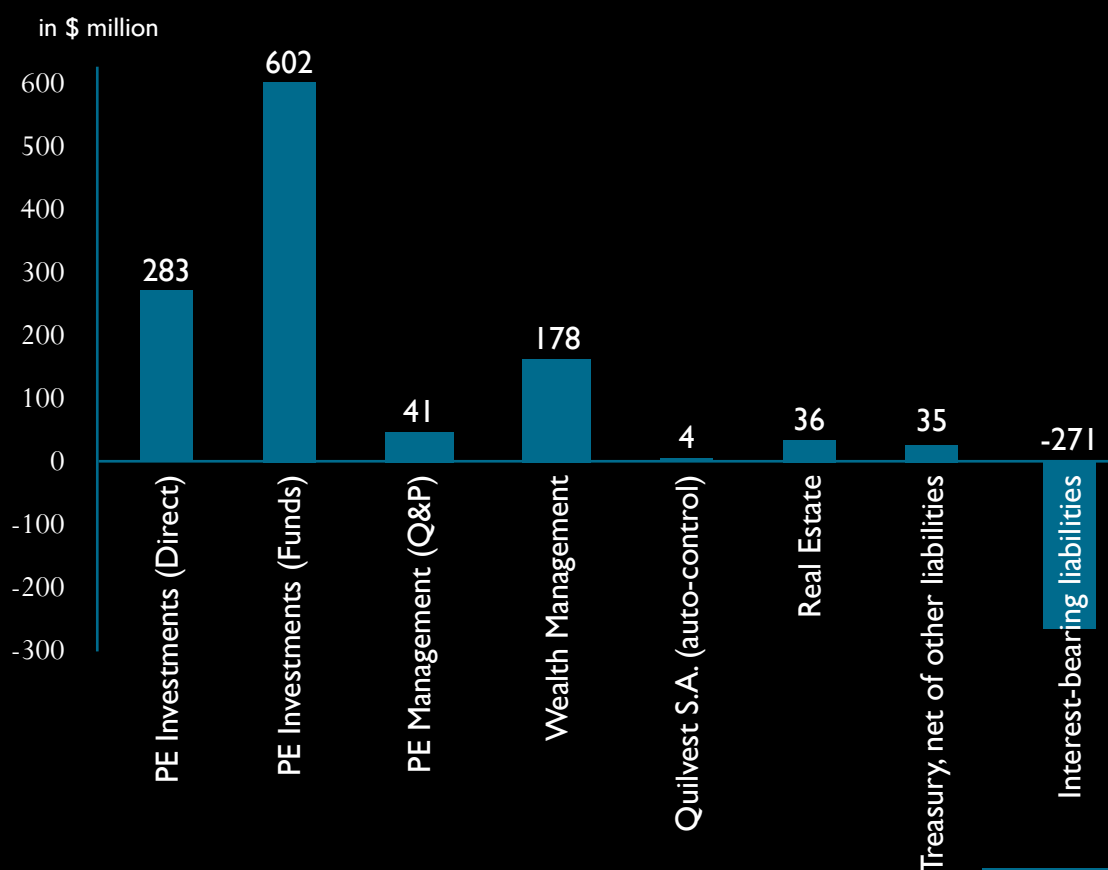
NAV per share - five years evolution

in USD	2009	2010	2011	2012 (restated)	2013
NAV/share - Management valuation	130.7	130.3	123.3	125.4	136.5
NAV/share - IFRS (in \$)	112.2	109.4	109.1	109.3	118.2

Geographical distribution of Assets



Distribution by business of Net Asset Value



Private Equity

List of Largest Direct Investments

- Non-controlled private equity portfolio

(in \$ million)	Region	Investment date	Management valuation
Command Alkon	USA	2005	23.9
Intarcia	USA	2007	20.8
Algeco/Scotsman	Benelux	2005	17.1
Ubiquis (Actoline 2)	France	2007	7.0
Neotract	USA	2009	6.8
Pay-o-Matic	USA	2008	6.4
MACS (realized)	USA	2010	5.8
San Miguel Industrias PET	USA	2013	6.0
Radiation Therapy Services	USA	2008	4.9
OSI	USA	2007	4.5
Multiplan	USA	2010	4.4
Mathews	USA	2011	4.0
Tiendas 3 B	Mexico	2011	3.7
Towry	UK	2013	3.4
Mexican Grill	UK	2011	3.1
Schur Flexibles (ex Conflex)	Denmark	2011	2.9
Azulev	Spain	1999	2.6
Del Monte	USA	2011	2.5
Performance Food Group	USA	2008	2.4
Gamo outdoor	USA	2013	2.3
Comess	Spain	2000	2.2
PF Chang's	USA	2012	2.2
Alex brands	USA	2013	2.2
E-Pak	Asia	2001	2.1
Alliant Group	USA	2013	2.1
Deltek	USA	2012	2.0
Findis	France	2011	2.0
Wholesome Sweeteners	USA	2012	2.0
Kismet (SKS)	India	2007	1.9
BCI	USA	2013	1.5
Nocibé	France	2006	1.5
Vanksen	Luxembourg	2011	1.5
Aminoagro	Brazil	2013	1.5
The Chia Company	Australia	2012	1.5
Farley & Sathers (realized)	USA	2002	1.4
Laney Directional Drilling	USA	2012	1.4
Intrinsic Therapeutics	France	2007	1.4
API Heat Transfer	USA	2012	1.3
FCI	USA	2013	0.9
Other direct investments			5.3
Total non-controlled private equity portfolio			172.2

- Controlled private equity portfolio

(in \$ million)	Region	Investment date	Management valuation
Yo! Sushi Group	UK	2008	64.3
Acrotec	Switzerland	2012	17.5
Anthony's Pizza	USA	2011	14.3
ST Products Group	USA	2011	8.8
Hill & Valley Group	USA	2005	6.5
Total controlled private equity portfolio			111.3
Total direct private equity investments			283.5

List of Largest Funds Investments

- Third-party funds portfolio

(in \$ million)	Region	Investment date	Management valuation
MCH Iberian Capital Fund II	Spain	2005	14.5
MCH Iberian Capital Fund III	Spain	2005	12.5
Bain Capital Europe Fund III	USA / Europe	2002	4.0
Bain Capital Fund X	USA / Asia	2002	2.9
Acto FCPR (ex Finama)	France	2002	2.6
TA Atlantic & Pacific VI	USA	2008	2.3
TPG Partners VI	USA	2008	1.8
Catterton Partners V	USA	2004	1.5
GS PEP 2000 Offshore	USA	2000	1.2
Weinberg Capital	USA	2006	1.0
Blackstreet Capital Partners	USA	2004	0.8
Développement et Partenariat IV	France	2006	0.8
Sun Capital Securities	USA	2004	0.6
Chase Capital Partners	USA	2000	0.6
GS Vintage II	USA	2000	0.5
H.I.G. Investment Group II	Asia	2002	0.5
Sterling Capital Partners	USA	2003	0.5
GS PEP Technology Fund 2000	USA	2000	0.5
Other third-party funds			2.7
Total third-party funds portfolio			51.8

• Fund of funds portfolio

(in \$ million)	Investment date	Management valuation
QS PEP 2002 (investor shares)	2002	9.6
QOL PEP 2003	2003	17.0
QOL PEP 2004	2004	21.7
QOL PEP 2005	2005	38.5
QPE PEP 2006	2006	52.2
QPE PEP 2007	2007	65.6
QPE PEP 2008	2008	60.5
QPE PEP 2009	2009	34.2
QPE PEP 2010	2010	35.5
QPE PEP 2011	2011	41.0
QPE PEP 2012	2012	7.2
QPE PEP CORE	2013	2.2
QS GEO PEP	2007	37.9
QS GEO PEP 2	2011	28.5
QS REP	2009	47.4
QS REP 2	2012	10.2
Quilvest Ventures 2	2007	23.6
Quilvest Energies	2010	9.9
QS Italy (Synergia)	2005	7.0
Other fund of funds		0.7
Total fund of funds portfolio		550.4
Total funds investments		602.2
Goodwill		34.5

Compared with the consolidated financial statements, third-party funds of USD 9.6 million were included in the Treasury portfolio (net of other liabilities) of the corporate activity (see Strategic & Treasury Portfolio).

Wealth Management and Corporate

Strategic and Treasury portfolio

(in \$ million)	Management valuation
Quilvest Wealth Management	178.5
Quilvest & Partners	6.4
Quilvest S.A. (auto-control)	4.2
Real Estate	35.8
Treasury portfolio (net of debt)	(236.0)
Total Strategic & Treasury portfolio	(11.1)

Capital & Net debt management

The Group is not subject to capital constraints.

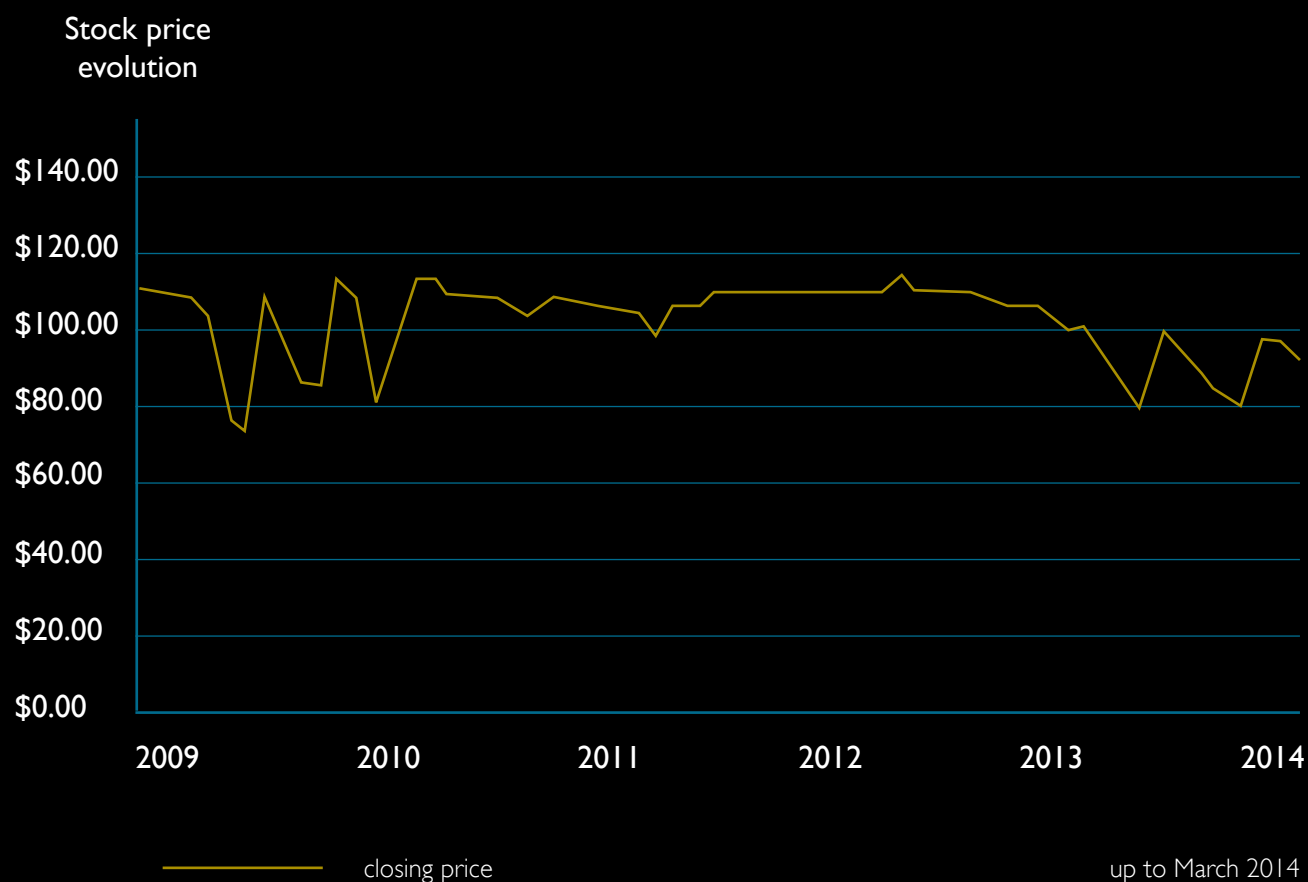
Each credit institution of the Group (together the "QWM Group") is subject to capital adequacy requirements by its respective supervisory authority. During the year ended 31 December 2013, no breach was reported.

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 2013, the capital adequacy ratio of the QWM Group was as follows:

(in \$ million)	QWM Group
Regulatory capital	110.1
Capital required for credit risks	28.5
Capital required for market risks	--
Capital required for operational risks	12.9
Capital required for other risks	1.5
Total capital charge	42.9
Capital adequacy ratio 2013	20.5%

Stock price evolution



During the year 2013, the Group acquired 5,085 shares of Quilvest S.A. for a total amount of USD 0.5 million (see note 22). This represents an average of 424 shares bought per month (approximately 21 transactions per month on average), with a maximum of 1,190 shares bought in November and a minimum of 180 shares bought in June. The Group did not sell any shares in 2013.



Corporate
Governance

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 evaluation process includes the Audit Committee and the Remuneration Committee.

The evaluation process of each committee is based on a tailor made questionnaire addressed to each member. No significant change derived from the conclusions drawn from the evaluations.

- F. Michel Abouchalache, Chief Executive Officer and Vice-Chairman of the Board of Directors
- Peter Bemberg
- Serge de Ganay
- André Elvinger (Independent Director)
- François Manset
- Stanislas Poniatowski
- Alvaro Sainz de Vicuña
- Robert Kneip (Independent Director)
- International Advisory Services, represented by Christian Baillet

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

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. The functions of Chairman of the Board and Chief Executive Officer are separated.

Members of the Board of Directors are the following:

- Christian Baillet, Chairman of the Board of Directors, (Independent Director)

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 the Strategic Committee created in 2011. 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 2013. The attendance rate at the meetings was 90% 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)

The Audit Committee met five times in 2013. The attendance rate was 100%. Group auditors were present three times out of five. The work was particularly concerned with the following points:

- Group internal audit ;
- Group internal control system ;
- Risks' matrix review ;
- IFRS consolidated financial statements, with a 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 2013, specific highlights covered the follow-up, of the IFRS changes and new regulations mainly related to FATCA and AIFMD.

The Remuneration Committee

The Remuneration 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.

Michel Abouchalache is not any longer a member of the Remuneration Committee of which Serge de Ganay is the President. The Remuneration Committee met twice in 2013 with all the members being present. It reviewed in particular the objectives of each senior manager and how we could assess the performance in regard to the objectives. At the end of the year, 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 Strategic Committee

The Strategic Committee met six times during 2013 in four locations where Quilvest is doing business. The purpose of the Strategic Committee is to review regularly the business environment in the geographical places where we are involved and in the various business sectors where we are investing. By meeting key executives in those various places, Quilvest is refining its medium-term strategy and makes sure we take advantages of investment opportunities in line with development of all businesses where we are involved. All members of the Committee were present at the meetings and one or few senior managers were invited to participate to the discussion. 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 2013, 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.

During the year 2013, the Group's direct or indirect subsidiaries acquired 5,085 (2012: 5,364) additional treasury shares for a total amount of USD 526,637 (2012: USD 600,272) and sold no treasury share (2012: nil also). As of 31 December 2013, the Company owned 42,713 treasury shares (2012: 37,628).

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

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

Changes in Share Capital

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

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 2013, four companies declared, pursuant to the Luxembourg transparency law of 11 January 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 6.19%, Quilvest Strategic Fund S.C.A. SIF declared holding 13.30% 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 Controller acting as Compliance 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.



Financial
Section

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 and classifies its main risks in 3 categories: external and regulatory risks, financial risks and operational risks.

While investors' confidence remains fragile, the outlooks are more positive and the beginning of economic recovery combined with the implementation of the deficit reduction programs lowered the uncertainties of sovereign debt refinancing in most western countries.

This context translates into a series of risks for our Private Equity and Wealth Management markets:

- Fundraising has been eased by a recovered appetite of the investors for private equity asset class;
- The Group's investments are affected to various extents by the changing economic situation. This implies a higher volatility in the business operations and results as well as in valuations;
- The number of transactions in private equity has increased and is closer to its cruise level.
- On the regulatory side, numerous developments affect the Group's activities and are monitored closely. The key developments include:
  - Alternative Investment Fund Managers (« AIFM ») Directive in Europe, which imposes authorization, organizational and operating requirements;
  - Foreign Account Tax Compliance Act (« FATCA ») in the U.S., which imposes tight monitoring and reporting of transactions with U.S. corporations and citizens;
  - Basel III which is introducing a paradigm shift in capital and liquidity standards.

The Group has engaged in a number of actions to enhance global awareness and ensure compliance with these new requirements in due course.

Financial risks, consisting of credit risk, liquidity risk and market risk, as well as operational risks are described extensively in note 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 "Chief Executive Officer'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 Strategic Committee;
  - Composition and changes of share capital and shareholders.

Business review and outlook

2013 was a year of continued recovery for the private equity and the real estate industries in the United States and increasingly buoyant debt markets. It was also a year of sustained recovery for private equity, real estate and the debt markets in Europe, especially towards the end of the year. Overall, with the exception of a few specific emerging markets, 2013 saw significant tailwinds for both exits and new investments.

Quilvest and Partners was well positioned to take advantage of this marked comeback. Our flagship fund of funds program, QS PEP, made 12 new commitments during the year with an increasing focus on small cap funds and the United States. 7 out of those 12 new funds were less than USD 500M in size. QS GEO and QS REP were also very active throughout the year.

Our direct investment activity had also a very active year with our largest ever syndicated lead deal, QS Master Food, our first investment in Turkey and the Middle East, as well as investments in the United States in Dunkin' Donuts, in Peru in San Miguel Industrias, and in Europe in Algeco Scotsman. We also closed 3 QS Properties transactions, mainly in the United States.

In addition, we had many liquidity events in our direct portfolio with dividend distributions and full or partial exits of Laboratoires Chemineau, OSI Restaurant, API Heat Transfer, MACS and Deltak. This trend continued in early 2014 with the full successful exit of Multiplan (QS Care). This was also an active year for QS Direct with 7 new investments: Alliant Group, Aminoagro, Gamo, Poof-Slinky, BCI broadband, FCI, and Towry. A total of USD 34 million was invested in those 7 companies or slightly more than 20% of the program.

During the year we raised also our first debt program backed by the Small Business Administration in the United States. We are still waiting for the final license so that the program can cruise at its expected altitude. So far the program made one investment and is expected to make one or two before final licensing.

We see no slowdown in the private equity markets and expect the activity level to be sustained. We see similar trends in our wealth management businesses where new clients development and fund raising remain robust. Our Luxembourg, Zurich, and Singapore platforms continued to meet or exceed forecast. Geneva had a slow year and Paris continued to face difficult market conditions. We expect capital markets in general to continue to be supportive and have accelerated our investment program to enhance our front and back office capabilities. As we speak, we are exploring several expansion opportunities and have continued to invest in human resources, taking advantage of the scale and the reach we were able to achieve over the past several years.

While casting no doubt on the success of the operation, this year will also see the refinancing of our senior bonds maturing December 2014. To date, we already obtained support from our banks (outside Quilvest Wealth Management) for more than half of the nominal value. Positive discussions are under way for the remainder.

Financial review

At 31 December 2013, total assets in the consolidated statement of financial position stand at USD 3.6 billion as compared with USD 3.3 billion in 2012. The result of the period is a profit of USD 90.3 million, of which a Group share of USD 57.2 million.

The main components in the statement of financial position are:

- Investments increased from USD 1,222.8 million to USD 1,394.2 million. This mainly comes from the net effect of the financial assets at fair value through profit or loss which increased by more than USD 200 million as a result of net investments of USD 104.8 million (25% private equity portfolio and 75% wealth management portfolio), and of a positive change in fair value of USD 86.7 million (mainly private equity portfolio);
- Tangible assets increased to USD 141.2 million (2012: USD 131.6 million), this mainly comes from the net additions of controlled private equity investments;
- Intangible assets decreased by the effect of normal amortization. Goodwill recognized however, while stable due to positive effect of foreign exchange, has suffered an impairment loss of USD 3.4 million on Quilvest Banque Privée;
- On the wealth management side, amounts owed from banks and bank customers and deposits from banks and bank customers slightly increased at USD 858.1 million and USD 2,004.2 million respectively as compared to USD 773.7 million and USD 1,875.1 million in 2012. The main reasons are a positive evolution of deposits with bank customers, partially offset by repayments of the participation to the LTRO (Long-Term Refinancing Operation) program by CBP Quilvest (USD 137.9 million) and Quilvest Banque Privée (USD 27.6 million);
- Interest-bearing liabilities increased from USD 390.8 million in 2012 to USD 404.1 million where movements are mainly due to foreign exchange (Senior bonds are EUR-denominated) and regular business in the controlled private equity portfolio;
- Excluding non-controlling interests, the equity attributable to the shareholders (post-dividend) increased by 8%, at USD 787.1 million (2012: USD 727.9 million). The equity was positively impacted by the result of the year;
- The change in non-controlling interests from USD 121.3 million in 2012 to USD 189.1 million is mainly resulting from net contributions from third-party investors in several direct deals (USD 28.2 million) and profit for the period attributable to them (USD 33.1 million).

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

- Net income from private equity portfolio nearly doubled at USD 186.5 million (2012: USD 89.1 million). Gains on financial assets contributed for USD 93.7 million in the total (2012: USD 40.6 million). Fee income amounted to USD 23.1 million (2012: USD 20.2 million) as the assets managed and the product offering continued to expand. Finally, net income from controlled private equity investments reached USD 53.9 million, a significant increase as compared to 2012 (2012: USD 31.2 million);

- Net income from wealth management portfolio continued to develop positively at USD 99.1 million as compared with USD 90.3 million at 31 December 2012, mainly driven by the increase of our assets under management and realized gains on available-for-sale assets at CBP Quilvest;
- Net finance costs are stable at USD 28.6 million (2012 : USD 27.2 million).

Finally, the operating result is a profit of USD 123.6 million (2012: USD 26.8 million), and the net result for the period is a gain of USD 90.3 million (2012: loss of USD 2.4 million), of which Group share of USD 57.2 million (2012: USD 0.1 million).

From a cash flow statement perspective, cash and cash equivalents decreased to USD 809.3 million (2012: USD 844.5 million). The investment activity in both our private equity and wealth management activities remain the main contributors to operating and investing activities.

Net cash used by financing activities amounted to USD -119.5 million (2012: positive cash inflow of USD 152.0 million), primarily driven by the repayment made by our banks as part of the LTRO program, as explained above.

Results and dividends

The consolidated net result attributable to the shareholders of the Group is a profit of USD 57,2 million (2012: USD 84 thousands).

The statutory result of Quilvest S.A. for the year is a loss of USD 15,189,093 (gain of USD 190,822,139 in 2012), mainly driven by the interests on the bonds whereas 2012 benefited from a significant one-off distribution in 2012.

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 2013, four companies declared, pursuant to the Luxembourg transparency law of 11 January 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 6.19%, Quilvest Strategic Fund S.C.A. SIF declared holding 13.30% 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.

All the shares and the bonds issued by 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;

The agreements between the Company and its Board members or employees provide for a compensation only for two employees, should a takeover bid occur.

Subsequent events

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

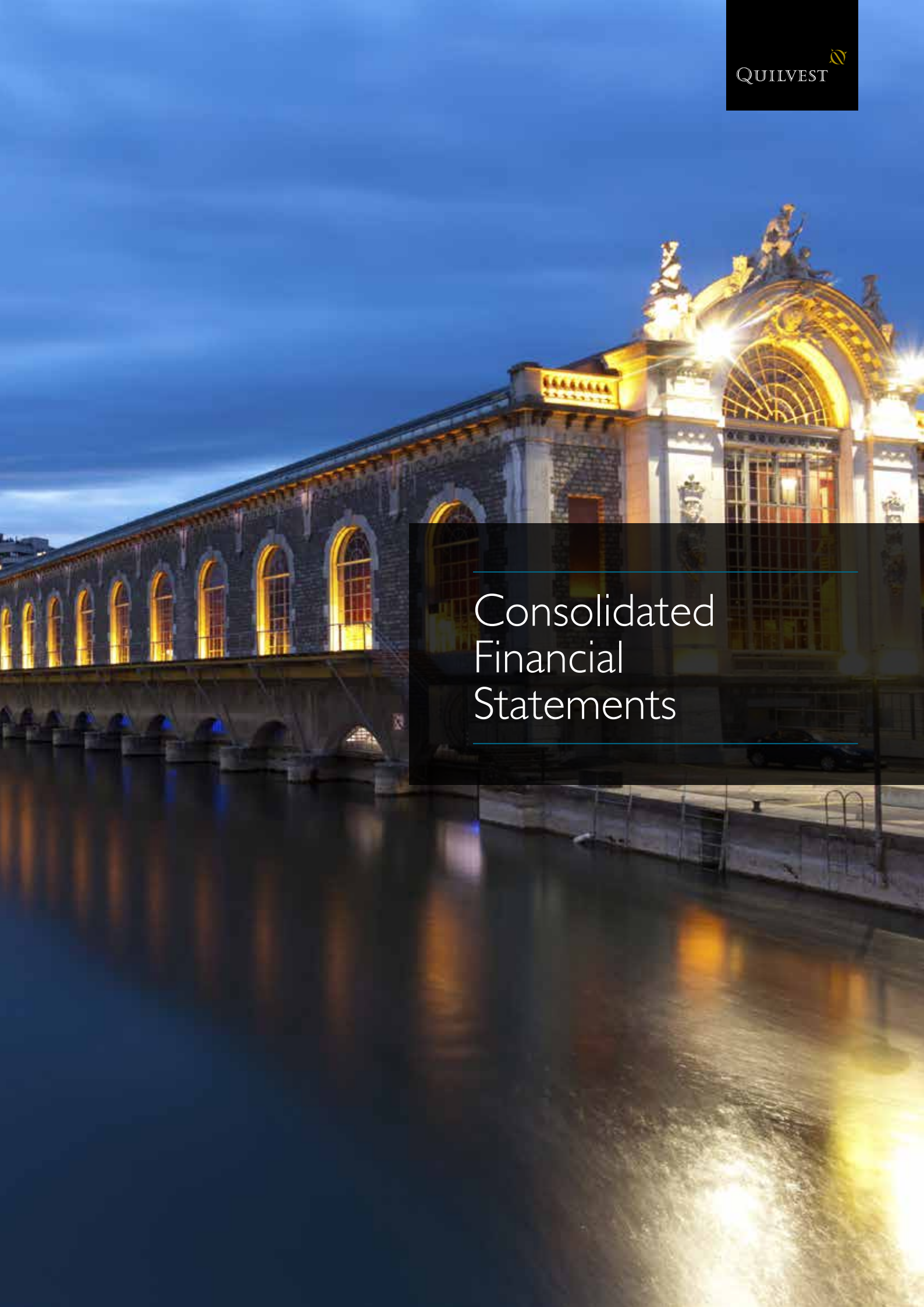
Auditors

A resolution for the re-appointment of KPMG Luxembourg S.à r.l. as Cabinet de révision agréé of the Company is to be proposed at the forthcoming Annual General Meeting to be held on 13 June 2014.

Approval

This report was approved by the Board of Directors on 29 April 2014.





Consolidated Financial Statements

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

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated 14 June 2013, 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 2013 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.

Luxembourg, 29 April 2014

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 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

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

KPMG Luxembourg S.à r.l.

Cabinet de révision agréé

Thierry Ravasio



Consolidated Statement of Financial Position

For the financial years ended 31 December

In \$ '000	Notes	2012 (restated) (Note 2.4)	2013
Assets			
Cash and cash equivalents	8	844,954	809,298
Amounts owed from banks and bank customers	9	773,749	858,128
Financial assets	10		
- designated at fair value through profit and loss		900,544	1,106,595
- available for sale		308,953	276,876
- held for trading		13,322	10,764
Property, plant and equipment	11	131,569	141,230
Investment property	12	8,286	8,400
Intangible assets	13	166,565	164,875
Investment in an associate	14	911	1,111
Deferred tax assets	15	8,512	6,315
Other assets	16	149,854	209,328
Total assets		3,307,219	3,592,920
Liabilities and equity			
Amounts due to banks and bank customers	17	1,875,172	2,004,175
Financial liabilities			
- held for trading	10	20,967	14,699
- interest-bearing liabilities	18	390,793	404,119
Employee benefit obligations	19	8,624	2,588
Provisions	20	967	3,130
Deferred tax liabilities	15	29,163	28,380
Other liabilities	21	132,295	159,679
Total liabilities		2,457,981	2,616,770
Share capital		44,990	44,990
Share premium		110,248	110,248
Treasury shares		(3,786)	(4,313)
Reserves		9,680	18,849
Retained earnings		566,692	560,133
Profit/(Loss) for the year – Shareholders of the parent company		84	57,152
Total equity attributable to shareholders of the parent company		727,908	787,059
Non-controlling interests		121,330	189,091
Total equity		849,238	976,150
Total liabilities and equity		3,307,219	3,592,920

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	2012 (restated) (Note 2.4)			2013		
		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		40,571	--	40,571	93,730	--	93,730
Dividend income		1,950	--	1,950	10,126	--	10,126
Interest income, net		88	--	88	58	--	58
Fee income, net		20,193	--	20,193	23,102	--	23,102
Carried interest income / (expense), net		(4,896)	--	(4,896)	5,593	--	5,593
Net income from controlled private equity portfolio	5	--	31,228	31,228	--	53,919	53,919
Total – private equity portfolio		57,906	31,228	89,134	132,610	53,919	186,529
Net income from wealth management portfolio	6						
Gains/(losses) on financial assets, net		8,184	--	8,184	6,096	--	6,096
Dividend income		873	--	873	1,145	--	1,145
Interest income, net		16,755	--	16,755	15,156	--	15,156
Fee and commission income, net		63,557	--	63,557	75,328	--	75,328
Other revenues, net		926	--	926	1,355	--	1,355
Total – wealth management portfolio		90,295	--	90,295	99,080	--	99,080
Other operating income, net	26	4,191	--	4,191	6,516	--	6,516
General administrative expenses	26	(129,575)	--	(129,575)	(138,827)	--	(138,827)
Depreciation, amortization and impairment	11,13	(9,437)	(17,777)	(27,214)	(8,870)	(20,796)	(29,666)
Operating result		13,379	13,451	26,831	90,508	33,123	123,631
Financial costs, net	27	(19,722)	(7,303)	(27,025)	(23,266)	(5,290)	(28,556)
Income from associate	14	201	--	201	193	--	193
Profit / (Loss) before tax		(6,142)	6,148	6	67,435	27,833	95,268
Income tax (expense) / credit	15	(3,017)	652	(2,365)	(4,261)	(746)	(5,008)
Profit / (Loss) for the year		(9,159)	6,800	(2,359)	63,173	27,087	90,260
Profit/(Loss) for the year attributable to							
Shareholders of the parent company				84			57,152
Non-controlling interests				(2,443)			33,108

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	2012 (restated)	2013
Profit/(Loss) for the year		(2,359)	90,260
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	4,866	805
- Net change in fair value recycled through profit or loss	10	2,617	(4,323)
Income tax effect	15	(2,473)	1,163
Foreign currency translation differences		7,139	13,028
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		12,149	10,673
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gain / (loss) on property revaluation	12	(112)	(265)
Income tax effect	15	37	88
Re-measurement gain / (loss) on defined benefit plans	19	(818)	6,455
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(893)	6,279
Other comprehensive income / (loss) for the year		11,256	16,951
Total comprehensive income / (loss) for the year		8,897	107,212
Total comprehensive income attributable to:			
Shareholders of parent company		6,564	66,321
Non-controlling interests		2,333	40,891
Earnings per share (in \$)	23		
Basic		(0.0)	8.6
Diluted		(0.0)	8.6

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	2012	2013
Operating cash flows directly linked to the Private Equity activities			
Acquisition of private equity investments	10	(149,098)	(141,992)
Proceeds from sale of private equity investments	10	198,722	97,429
Dividends received from private equity investments		1,782	20,736
Fees received, net		15,225	15,771
Carried interest received, net		965	2,967
Other operating cash movements related to private equity activities, net		225	3,419
Operating cash flows directly linked to the Wealth Management			
Interest income, net		15,643	16,452
Fee and commission income, net		52,925	65,022
Cash movements in loans and advances to / from banks and bank customers, net	9,17	391,241	147,300
Other cash movements related to the Wealth Management activities		12,672	(14,369)
Other operating cash flow movements			
Cash paid to suppliers and employees		(117,218)	(132,880)
Income taxes paid	15	(1,070)	(1,637)
Net cash from other operating activities		6,874	45,489
<i>Of which controlled private equity portfolio</i>		34,656	53,273
Net cash provided by / (used in) operating activities		428,888	123,708
Investing activities			
Acquisition of investments	10	(170,581)	(79,758)
Proceeds from sale of investments	10	68,629	36,619
Acquisition of property, plant and equipment	11	(16,214)	(26,143)
Proceeds from disposal of property, plant and equipment	11	2	(5)
Acquisition of intangible assets	13	(1,378)	(2,257)
Acquisition of subsidiaries, net of cash acquired	7	(38,965)	--
Disposal of subsidiaries, net of cash disposed		297	--
Interests received		284	15
Dividends received		402	648
Net cash from other investing activities		--	(533)
Net cash provided by / (used in) investing activities		(157,524)	(71,414)
Financing activities			
Proceeds from interest-bearing liabilities	18	183,120	71,499
Repayment of interest-bearing liabilities	18	(33,792)	(187,867)
(Decrease)/Increase in short-term financing		--	(1,191)
Repurchase of treasury shares		(598)	(527)
Contributions from non-controlling interests		56,924	27,611
Distributions to non-controlling interests		(32,989)	(974)
Interests paid		(20,613)	(20,980)
Dividends paid		--	(7,038)
Net cash provided by / (used in) financing activities		152,052	(119,466)
Net increase / (decrease) in cash and cash equivalents		423,416	(67,172)
Cash and cash equivalents at the beginning of the year	8	403,737	844,954
Effect of exchange rate fluctuations on cash and cash equivalents held	8	17,801	31,516
Cash and cash equivalents at the end of the year	8	844,954	809,298
<i>Of which Quilvest Wealth Management sub-group</i>		<i>795,322</i>	<i>775,829</i>
<i>Of which controlled private equity portfolio</i>		<i>6,805</i>	<i>11,634</i>

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 31 December 2011	44,990	110,248	(3,188)	7,336	566,692	726,078	99,727	825,806
Effect of adopting IAS 19 Revised	--	--	--	(4,557)	--	(4,557)	(2,313)	(6,870)
Balance at 1 January 2012	44,990	110,248	(3,188)	2,779	566,692	721,521	97,414	818,935
Total comprehensive income for the year								
Loss for the year	--	--	--	--	84	84	(2,443)	(2,359)
Other comprehensive income								
Gain on property revaluation, net of income tax	--	--	--	(75)	--	(75)	--	(75)
Available-for-sale financial assets, net of income tax	--	--	--	3,323	--	3,323	1,687	5,010
Re-measurement of defined benefit plans	--	--	--	(543)	--	(543)	(276)	(819)
Foreign currency translation differences	--	--	--	3,774	--	3,774	3,365	7,139
Total comprehensive income for the year 2012	--	--	--	6,479	84	6,564	2,333	8,897
Transactions with owners, recorded directly in equity								
Repurchase of treasury shares	--	--	(598)	--	--	(598)	--	(598)
Transactions with non-controlling interests	--	--	--	421	--	421	6,153	6,574
Non-controlling interests acquired in business combinations	--	--	--	--	--	--	27,958	27,958
Contributions from non-controlling interests	--	--	--	--	--	--	24,733	24,733
Distributions to non-controlling interests	--	--	--	--	--	--	(37,261)	(37,261)
Dividends paid	--	--	--	--	--	--	--	--
Total transactions with owners	--	--	(598)	421	--	(177)	21,583	21,406
Balance at 31 December 2012	44,990	110,248	(3,786)	9,680	566,776	727,908	121,330	849,238
Total comprehensive income for the year								
Profit for the year	--	--	--	--	57,152	57,152	33,108	90,260
Other comprehensive income								
Gain on property revaluation, net of income tax	--	--	--	(177)	--	(177)	--	(177)
Available-for-sale financial assets, net of income tax	--	--	--	(1,562)	--	(1,562)	(793)	(2,355)
Re-measurement of defined benefit plans	--	--	--	4,282	--	4,282	2,173	6,455
Foreign currency translation differences	--	--	--	6,626	--	6,626	6,402	13,028
Total comprehensive income for the year 2013	--	--	--	9,169	57,152	66,321	40,891	107,212
Transactions with owners, recorded directly in equity								
Repurchase of treasury shares	--	--	(527)	--	--	(527)	--	(527)
Transactions with non-controlling interests	--	--	--	--	--	--	--	--
Non-controlling interests acquired in business combinations	--	--	--	--	--	--	--	--
Contributions from non-controlling interests	--	--	--	--	--	--	28,238	28,238
Distributions to non-controlling interests	--	--	--	--	--	--	(974)	(974)
Dividends paid	--	--	--	--	(6,643)	(6,643)	(395)	(7,038)
Total transactions with owners	--	--	(527)	--	(6,643)	(7,170)	26,870	19,700
Balance at 31 December 2013	44,990	110,248	(4,313)	18,849	617,285	787,059	189,091	976,150

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

Notes to the Consolidated Financial Statements

I. Corporate information

The consolidated financial statements of Quilvest S.A. (the "Company" or the "parent company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 were authorized for issue in accordance with a resolution of the Board of Directors on 29 April 2014. Separate financial statements are also presented.

The 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 25 October 1888 with the Luxembourg register company number B 6091. The Company's registered office is established 3 Boulevard Royal, L-2449 Luxembourg. The principal activities of the Group are in the private equity businesses and the wealth management.

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 values are rounded to the nearest thousand (\$ '000), except when otherwise indicated.

2.2 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Group and the Group's interest in its associate as at 31 December 2013.

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.

2.3 Significant Accounting Policies

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

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. On the loss of control, the Group derecognizes the assets and liabilities of a subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

c) Investment in an associate

Associates are the entities in which the Group has significant influence, but no control over the financial and operating policies. The Group's investment in associates 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.

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.

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.

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.

Investments in associates are classified as 'designated at fair value through profit or loss' upon initial recognition following the scope exclusion of IAS 28 for venture capital organizations (for private equity portfolio only).

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 annually, either individually or at the cash-generating unit level. 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 (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;
- 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 2013 and 2012.

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 set up an option plan, which reference valuation is an index that is de-correlated from the equity value of the 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 measurements

The Group measures financial assets and liabilities, and non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments not measured at fair value are disclosed in Note 28.8.

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.

On an interim basis, the audit committee approves 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

There is no change in accounting policies excepted those of new and amended standards and interpretations mentioned below:

New and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments that require restatement of previous financial statements. These include IAS 19 Employee Benefits (Revised 2011, "IAS 19R"), IFRS 13 Fair Value Measurement and amendments to IAS 1 Presentation of Financial Statements.

Standard / Interpretation	Content	Applicable for financial years beginning on/after
IAS 1 (Amendments)	Presentation of items of Other Comprehensive Income	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 19 (Revised 2011)	Employee Benefits	1 January 2013

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in Other Comprehensive Income. Items that will be reclassified recycled to profit or loss at a future point in time (e.g., net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values

were determined. Fair value hierarchy is provided in Note 28.7.

IAS 19 (revised) - Employee benefits

IAS 19R includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognized in other comprehensive income and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognized in profit or loss, instead, there is a requirement to recognize interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognized in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognized. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

The retrospective effect of the application of IAS 19R on the consolidated statement of financial position as of 31 December 2012 is as follows:

in \$ '000	31 December 2012 (as published)	Effect at 01 January 2012	Effect through 2012	31 December 2012 (restated)
Non-current assets	1,538,662	--	--	1,538,662
Current assets	1,768,557	--	--	1,768,557
Total assets	3,307,219	--	--	3,307,219
Employee benefit obligations	1,250	6,870	504	8,624
Other non-current liabilities	441,890	--	--	441,890
Other current liabilities	2,007,467	--	--	2,007,467
Total liabilities	2,450,607	6,870	504	2,457,981
Share capital	44,990	--	--	44,990
Share premium	110,248	--	--	110,248
Treasury shares	(3,786)	--	--	(3,786)
Reserves	14,779	(4,557)	(543)	9,680
Retained earnings	566,692	--	--	566,692
Profit/ (Loss) for the year – Shareholders of the parent company	(124)	--	208	84
Total equity attributable to shareholders of the parent company	732,799	(4,557)	(334)	727,908
Non-controlling interests	123,813	(2,313)	(170)	121,330
Total equity	856,612	(6,870)	(504)	849,238
Total liabilities and equity	3,307,219	--	--	3,307,219

The effect of these changes in the recognition and measurement of pension obligations and other post-employment obligations was USD (7.4) million on equity at 31 December 2012.

The effect of these changes for the year ended 31 December 2012 is a loss of USD 504.

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 2011	0.7737	0.9404	0.6485
Average 2012	0.7735	0.9330	0.6294
31 December 2012	0.7570	0.9144	0.6198
Average 2013	0.7513	0.9232	0.6372
31 December 2013	0.7252	0.8886	0.6064

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 revenues, expenses, assets and liabilities, 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 following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Consolidation of special purpose entities

Special purpose entities ("SPEs") are entities that are created to accomplish a narrow and well-defined objective such as the acquisition and holding of particular assets, or the execution of a specific borrowing or lending transaction. IAS 27 requires the consolidation of entities that are controlled by the reporting entity. However, the Standard does not provide explicit guidance on the consolidation of SPEs.

An SPE shall be consolidated when the substance

of the relationship between the Group and the SPE indicates that the SPE is controlled by that entity. The application of the control concept as described in IAS 27.13 and SIC 12.10 - requires, in each case, judgment in the context of all relevant factors.

This assessment of whether the Group has control over an SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the Group and the SPE. Day-to-day changes in market conditions normally do not lead to a reassessment of control. However, sometimes changes in market conditions may alter the substance of the relationship between the Group and the SPE and in such instances the Group determines whether the change warrants a reassessment of control based on the specific facts and circumstances.

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 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 following standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning after 1 January 2013 or later periods and are expected to be relevant to the Group:

	Content	Applicable for financial years beginning on/after
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2018

IFRS 10 - Consolidated financial statements

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities which resulted in SIC-12 being withdrawn. IAS 27, as revised, is limited to the accounting for investments in

subsidiaries, joint ventures, and associates in separate financial statements.

IFRS 10 does not change consolidation procedures (i.e., how to consolidate an entity). Rather, IFRS 10 changes whether an entity is consolidated by revising the definition of control. Control exists when an investor has:

- Power over the investee (defined in IFRS 10 as when the investor has existing rights that give it the current ability to direct the relevant activities);
- Exposure, or rights, to variable returns from its involvement with the investee, and;
- The ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 10 also provides a number of clarifications on applying this new definition of control.

The new standard will impact the consolidation scope in the area of special purposes vehicles and their underlying investments.

The Group is yet to assess the full impact of this standard and intends to adopt IFRS 10 from its effective date.

IFRS 12 - Disclosures of interests in other entities

IFRS 12 applies to an entity that has an interest in subsidiaries, joint arrangements, associates and/or structured entities. Many of the disclosure requirements of IFRS 12 were previously included in IAS 27, IAS 31, and IAS 28, while others are new.

Some of the more extensive qualitative and quantitative disclosures of IFRS 12 include:

- Summarized financial information for each of its subsidiaries that have non-controlling interests that are material to the reporting entity;
- Significant judgments used by management in determining control, joint control and significant influence, and the type of joint arrangement (i.e., joint operation or joint venture), if applicable;
- Summarized financial information for each individually material joint venture and associate;
- Nature of the risks associated with an entity's interests in unconsolidated structured entities, and changes to those risks.

IFRS 9 - Financial instruments, Phase I - Classification and measurement

The first phase of IFRS 9 addresses the classification and measurement of financial instruments (Phase I).

Phase I of IFRS 9 applies to all financial instruments within the scope of IAS 39. Key requirements are:

Financial assets

All financial assets are measured at fair value at initial recognition. Debt instruments may, if the Fair Value Option (FVO) is not invoked, be subsequently measured at amortized cost if:

- The asset is held within a business model that has the objective to hold the assets to collect the contractual cash flows, and;
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

All other debt instruments are subsequently measured at fair value.

All equity investment are measured at fair value either through other comprehensive income or profit or loss. Equity instruments held for trading must be measured at fair value through profit or loss. However, entities have an irrevocable choice by instrument for all other equity financial assets.

Financial liabilities

For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

All other IAS 39 classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

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

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

5. Controlled private equity portfolio ("CPE")

As at 31 December 2013, the Group has control over 5 private equity investments (2012: 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	Notes	2012	2013
Assets			
Cash and cash equivalents	8	6,805	11,634
Property, plant and equipment	11	100,717	107,786
Intangible assets other than goodwill	13	23,333	22,068
Goodwill	13	52,205	53,140
Other assets	16	82,869	80,232
Total assets		265,929	274,860
Liabilities			
Interest-bearing liabilities	18	124,459	118,975
Deferred tax liabilities		11,185	10,465
Other liabilities	21	38,815	26,760
Total liabilities		174,459	156,200
Profit or loss			
Revenue		404,821	467,194
Expenses		(373,593)	(413,274)
<i>of which staff costs</i>		<i>(124,869)</i>	<i>(145,853)</i>
Net income from controlled private equity portfolio		31,228	53,919
Depreciation, amortization and impairment losses		(17,777)	(20,796)
Operating result		13,451	33,123
Finance costs, net		(7,303)	(5,290)
Profit / (Loss) before tax		6,148	27,833
Income tax expense/ (credit)		652	(746)
Profit / (loss) for the year		6,800	27,087

At 31 December 2013, controlled private equity investments had 4,435 employees (2012: 3,763).

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 maker, being the chief executive officer of the Group, monitors 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 maker does 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

in \$ '000	2012	Account- ing Policies Differ- ences	Inter- segment	Segment Total	2013	Account- ing Policies Differ- ences	Inter- segment	Segment Total
Net result from con- trolled private equity portfolio (Note 5)	6,800	(6,809)	9	--	27,087	(27,072)	(15)	--
Gains / (losses) on financial assets, net	40,571	2,608	--	43,179	93,830	28,769	--	122,599
Dividend income	1,950	--	--	1,950	10,126	--	--	10,126
Interest income, net	88	--	--	88	58	--	--	58
Private equity fees								
Management fee income	--	--	--	--	--	--	--	--
Management fee expense	(321)	--	(5,404)	(5,725)	(681)	--	(4,471)	(5,152)
Other private equity fee income	822	--	--	822	850	--	5	855
Other private equity fee expense	(35)	--	(2,136)	(2,171)	109	--	(1,526)	(1,417)
Carried interest income / (expense), net	(8,775)	--	(1,065)	(9,840)	(7,114)	--	1,073	(6,041)
Other operating income, net	2,228	--	606	2,834	1,392	--	(125)	1,266
General administrative expenses	(1,900)	--	(3,027)	(4,927)	(2,714)	--	(4,931)	(7,645)
Depreciation, amortization and impairment losses	(4,401)	--	--	(4,401)	--	--	--	--
Financial costs, net	(796)	--	589	(207)	(1,069)	--	(293)	(1,362)
Income from associates	--	--	--	--	--	--	--	--
Income tax expense	(47)	--	--	(47)	103	--	--	103
Sub-total	36,184	(4,201)	(10,428)	21,555	121,979	1,697	(10,282)	113,394
Corporate allocation				(28,330)				(28,550)
Segment Profit / (Loss)				(6,775)				84,844

6.1 Segment profit or loss

Reconciliation of accounting policies differences

for the year 2013 (in \$ '000)	Hill and Valley	JDI Fashion	Yo! Sushi	ST Products	Anthony's Pizza	Acrotec	Total
Fair value 31 December 2012	5,027	--	49,349	8,150	10,570	9,428	82,524
+ Additions / (disposals)	--	--	--	--	--	--	--
- Fair value 31 December 2013	6,457	--	64,254	8,793	14,253	17,536	111,293
Gain / (loss) on financial assets	1,430	--	14,905	643	3,683	8,108	28,769

for the year 2012 (in \$ '000)	Hill and Valley	JDI Fashion	Yo! Sushi	ST Products	Anthony's Pizza	Acrotec	Total
Fair value 31 December 2011	3,104	4,659	45,497	15,910	--	--	69,170
+ Additions / (disposals)	--	--	--	(5,962)	9,105	7,603	10,746
- Fair value 31 December 2012	5,027	--	49,349	8,150	10,570	9,428	82,524
Gain / (loss) on financial assets	1,923	(4,659)	3,852	(1,798)	1,465	1,825	2,608

6.1 Segment profit or loss

Private Equity Management

in \$ '000	2012	Account- ing Policies Differ- ences	Inter- segment	Segment Total	2013	Account- ing Policies Differ- ences	Inter- segment	Segment Total
Net result from controlled private equity portfolio	--	--	--	--	--	--	--	--
Gains/(losses) on financial assets, net	--	--	--	--	--	--	--	--
Dividend income	--	--	--	--	--	--	--	--
Interest income	--	--	--	--	--	--	--	--
Interest expense	--	--	--	--	--	--	--	--
Private equity fees								
Management fee income	17,679	--	7,416	25,095	17,767	--	6,924	24,691
Management fee expense	--	--	--	--	--	--	--	--
Other private equity fee income	3,220	--	2,654	5,874	7,093	--	2,227	9,321
Other private equity fee expense	(2,631)	--	(57)	(2,688)	(2,113)	--	(5)	(2,118)
Carried interest income / (expense), net	3,970	--	1,077	5,047	11,745	--	(1,073)	10,672
Other operating income, net	1,766	--	3,011	4,777	2,177	--	1,049	3,226
General administrative expenses	(32,942)	--	(2,443)	(35,385)	(30,760)	--	(2,194)	(32,953)
Depreciation, amortization and impairment losses	(165)	--	--	(165)	(249)	--	--	(249)
Financial costs, net	(2)	--	36	34	(162)	--	(101)	(262)
Income from associates	--	--	--	--	--	--	--	--
Income tax expense	(647)	--	--	(647)	(999)	--	--	(999)
Sub-total	(9,752)	--	11,694	1,942	4,501	--	6,828	11,328
Corporate allocation				(1,100)				(1,100)
Segment Profit / (Loss)				842				10,228

6.1 Segment profit or loss

Wealth Management

in \$ '000	2012 (restated)	Account- ing Policies Differ- ences	Inter- segment	Segment Total	2013	Account- ing Policies Differ- ences	Inter- segment	Segment Total
Gains/(losses) on finan- cial assets, net	8,181	--	--	8,181	6,203	--	--	6,203
Dividend income	873	--	--	873	1,145	--	--	1,145
Interest income	21,689	--	57	21,746	18,938	--	1	18,939
Interest expense	(4,934)	--	--	(4,934)	(3,906)	--	--	(3,906)
Wealth Management fees								
Management fee income	27,117	--	221	27,338	32,402	--	186	32,588
Management fee expense	(382)	--	--	(382)	(459)	--	--	(459)
Brokerage fee income	19,893	--	11	19,904	22,111	--	--	22,111
Brokerage fee expense	(79)	--	--	(79)	(33)	--	--	(33)
Custodian fee income	9,676	--	173	9,849	11,540	--	19	11,559
Custodian fee expense	(1,137)	--	--	(1,137)	(1,099)	--	--	(1,099)
Fiduciary fee income	430	--	1	431	342	--	--	342
Fiduciary fee expense	--	--	--	--	--	--	--	--
Other wealth management fee income	18,375	--	434	18,809	25,073	--	575	25,648
Other wealth management fee expense	(9,407)	--	--	(9,407)	(13,330)	--	(180)	(13,510)
Other operating income, net	1,190	--	271	1,461	2,790	--	257	3,047
General administrative expenses	(86,558)	--	904	(85,654)	(96,861)	--	528	(96,333)
Depreciation, amortization and impairment losses	(4,250)	--	--	(4,250)	(8,279)	--	--	(8,279)
Financial costs	(154)	--	(108)	(262)	3,104	--	--	3,104
Income from associates	201	--	--	201	193	--	--	193
Income tax expense	(2,315)	--	--	(2,315)	(3,376)	--	--	(3,376)
Sub-total	(1,591)	--	1,964	373	(3,501)	--	1,386	(2,115)
Corporate allocation				(1,000)				(1,000)
Segment Profit / (Loss)				(627)				(3,115)

Summary and reconciliation with the Group net result

Segment	2013	Accounting policies differences	Inter-segment	Corporate Allocation	Segment
Corporate	(32,718)	--	2,069	30,650	--
Private Equity Investment	121,979	1,697	(10,282)	(28,550)	84,844
Private Equity Management	4,501	--	6,828	(1,100)	10,228
Wealth Management	(3,501)	--	1,386	(1,000)	(3,115)
	90,260	1,697	--	--	91,958

Segment	2012 (restated)	Accounting policies differences	Inter-segment	Corporate Allocation	Segment
Corporate	(27,200)	--	(3,230)	30,430	--
Private Equity Investment	36,184	(4,201)	(10,428)	(28,330)	(6,775)
Private Equity Management	(9,752)	--	11,694	(1,100)	842
Wealth Management	(1,591)	--	1,964	(1,000)	(627)
	(2,359)	(4,201)	--	--	(6,560)

6.2 Entity-wide disclosures

Geographical information

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

For the year 2013 (in \$ '000)	Carrying amount	Luxembourg	Europe	USA	Other
Tangible assets, including investment property	149,630	1,482	107,559	40,420	169
Intangible assets, excluding goodwill	46,479	21,291	3,121	22,068	--
Goodwill	118,396	44,553	62,057	11,786	--
Financial instruments	3,270,989	841,995	1,162,012	478,252	788,731
Investment in an associate	1,111	--	1,111	--	--
Deferred tax assets	6,315	4,380	1,935	--	--
Total assets	3,592,920	913,701	1,337,795	552,526	788,900
Total assets (for the year 2012)	3,307,219	908,257	1,335,980	553,991	508,991

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

Further geographical information is given in Note 28.3.

7. Business combinations and acquisition of non-controlling interests

There was no business combination and acquisition of non-controlling interests during the year 2013.

Acquisitions in 2012

Anthony's Coal Fired Pizza, USA

In January 2012, as part of its private equity investment activities, the Group completed the acquisition of 58.5% of the voting shares and 20.0% of the economic interest of Anthony's Coal Fired Pizza ("Anthony's Pizza"). Anthony's Pizza operates casual dining restaurants serving a focused menu featuring coal-fired pizzas across United States of America.

The fair value of the acquired intangible assets included trade name and licenses of USD 4.3 million. Total transaction related costs of USD 2.2 million were comprised within 'Net result from controlled private equity portfolio' in the consolidated statement of profit or loss.

Non-controlling interests acquired were valued at their proportional share in the net identifiable assets and liabilities.

The goodwill has been recognized on the basis of the strong business development perspective.

From the date of acquisition, Anthony's Pizza has contributed USD 1.0 million in the result of the Group for the period ended 31 December 2012.

Acrotec, Switzerland

In June 2012, as part of its private equity investment activities, the Group acquired 56.2% of the voting rights and 8.4% of the economic interest of Acrotec S.A. ("Acrotec"). Acrotec is an independent group created by industry-professionals with the purpose of providing all watch brands and manufactures quality products complying with the label "Swiss Made".

The fair value of the acquired intangible assets included licenses of CHF 0.2 million (USD 0.2 million). Total transaction related costs of CHF 0.8 million (USD 0.9 million) were comprised within 'Net result from controlled private equity portfolio' in the consolidated statement of profit or loss.

Non-controlling interests acquired were valued at their proportional share in the net identifiable assets and liabilities.

The goodwill has been recognized on the basis of strong business prospects and unique market positioning.

From the date of acquisition, Acrotec has contributed USD 3.8 million in the result of the Group for the period ended 31 December 2012.

Had the acquisition taken place on 1 January 2012, the contribution in the net result of the Group would have been USD 10.7 million.

National Copper, United States

In December 2012, as part of its private equity investment activities, the Group purchased certain assets and assumed certain liabilities from The National Copper & Smelting Company Inc. through ST Products. ST Products made this acquisition to increase market share and effect economies of scale.

The fair value of the acquired intangible assets included trade name and customer relationships of USD 0.4 million and 1.2 million respectively. Total transaction related costs of USD 1.2 million were comprised within 'Net result from controlled private equity portfolio' in the consolidated statement of profit or loss.

No non-controlling interests were acquired.

The fair value of the assets acquired exceeded the purchase price. As a result, a gain on acquisition (Negative goodwill) of USD 2.9 million was recognized under 'Net income from controlled private equity portfolio' in the consolidated statement of profit or loss.

From the date of acquisition, the contribution of National Copper in the result of the Group for the period ended 31 December 2012 is nil.

Had the acquisition taken place on 1 January 2012, the contribution in the net result of the Group would have been USD 1.0 million.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the date of acquisition are as follows:

	Notes	Anthony's Pizza	Acrotec	National Copper	Total
Property plant and equipment	11	18,207	33,016	3,205	54,428
Intangible assets	13	4,257	--	1,632	5,889
Other receivables, accrued income and prepaid expenses		1,633	29,767	9,122	40,522
Cash and cash equivalents		893	1,999	--	2,892
Other liabilities, deferred income and accrued expenses		(5,974)	(7,017)	(2,682)	(15,673)
Interest-bearing liabilities	18	--	(38,167)	--	(38,167)
Provisions		--	(1,347)	--	(1,347)
Deferred tax liabilities	15	--	(4,415)	--	(4,415)
Total identifiable net assets		19,016	13,836	11,277	44,129
Non-controlling interests		15,220	12,738	--	27,958
Net assets acquired		3,796	1,098	11,277	16,171
Purchase consideration transferred		11,817	6,746	8,362	26,925
Goodwill	13	8,021	5,648	--	13,669
(Negative goodwill)		--	--	(2,916)	(2,916)
Consideration paid, satisfied in cash		-- (*)	32,304	8,362 (**)	40,666
Less cash acquired		(893)	(1,999)	--	(2,892)
Net cash outflow/(inflow)		(893)	30,305	8,362	37,774

(*)USD 26.9 million was satisfied in cash as at 31 December 2011

(**) excluding USD 1.2m of transaction costs

Disposal of non-controlling interests

Quilvest & Partners, Luxembourg

In March 2012, non-controlling interests acquired an 18.5% stake in Quilvest & Partners S.A. at its sub-consolidated net book value. The transaction did not have a material impact on the consolidated financial statements.

During 2013, non-controlling interests acquired an additional 2.0% stake in Quilvest & Partners S.A.

ST Products, United States

In 2012, further to the finalization of the deal syndication, the economic interest of the Group in ST Products was reduced from 32.12% to 15.08%, but the investment is still controlled. The effects of the changes in the ownership interest were shown in the statement of changes in equity under 'Transactions with non-controlling interests'.

Disposal of subsidiaries

There was no disposal of subsidiaries during the year 2013.

In June 2012, as a result of the receivership procedures started in March 2012 and the subsequent approval by the Tribunal de Commerce de Paris of the disposal and debt repayment plan for Swoon S.A., the sole subsidiary of JDI Fashion S.A, the JDI Fashion Group was assumed to have been disposed for no consideration.

A loss of USD 11.1 million, including the write-off of the remainder of the goodwill and loans receivable, was recognized at 31 December 2012.

In December 2012, the Group disposed of its 60% stake in Quilvest Ventures S.A.S. to its minority shareholders for an amount of USD 2.2 million (EUR 1.5 million). Proceeds of USD 0.4 million were received in 2012, the remainder being payable in 6 yearly installments.

A profit of USD 1.4 million was recorded in the consolidated statement of profit or loss on the transaction, net of transaction costs.

8. Cash and Cash Equivalents

in \$ '000	2012	2013
Cash on hand	758	1,304
Current account with banks	137,500	52,942
Current accounts and deposits with central banks	679,121	724,451
Short term deposits	27,575	30,601
Cash and Cash Equivalents	844,954	809,298
Including controlled private equity portfolio	6,805	11,634
Including Quilvest Wealth Management sub-group	795,322	775,829

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 3.2 million (2012: USD 3.4 million).

9. Amounts owed from banks and bank customers

in \$ '000	2012	2013
Current account with banks	634	662
Deposits with banks	3,235	1,106
Deposits with central banks	10,761	14,241
Debt instruments	39,632	41,368
Amounts owed from banks	54,262	57,377
Current account with bank customers	171,047	151,742
Deposits with bank customers	550,666	651,051
Amounts owed from bank customers	721,713	802,793
Allowance for impairment losses	(2,226)	(2,042)
Amounts owed from bank and bank customers	773,749	858,128

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	2012	2013
1 January	(2,354)	(2,226)
Impairment loss (expense)	(412)	(63)
Recoveries (income)	537	180
Amounts written-off	--	--
Accrued interest on impaired amounts	--	--
Exchange difference	2	67
31 December	(2,226)	(2,042)

10. Financial assets

10.1 Financial assets designated at fair value through profit and loss

Schedule of changes in financial assets designated at fair value through profit or loss in 2013

a. Private Equity portfolio

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 1 January 2013	--	182,699	544,713	727,412
Additions	--	50,066	91,411	141,477
Disposals	--	(15,574)	(101,416)	(116,990)
Transfer from other portfolio	--	--	4,724	4,724
Net gains / (losses)	--	22,127	71,603	93,730
Currency differences	--	1,305	810	2,115
Fair value at 31 December 2013	--	240,623	611,845	852,468

b. Wealth Management portfolio

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 1 January 2013	160,682	4,314	8,135	173,132
Additions	111,712	2,604	3,362	117,678
Disposals	(28,063)	(2,386)	(6,891)	(37,340)
Transfer to other portfolio	--	(901)	(3,823)	(4,724)
Net gains / (losses)	(4,023)	(651)	6	(4,667)
Currency differences	9,900	109	39	10,048
Fair value at 31 December 2013	250,208	3,090	829	254,127

c. Total

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 31 December 2013	250,208	243,713	612,674	1,106,595
Net gains/(losses) at 31 December 2013	(4,023)	21,476	71,609	89,063

Schedule of changes in financial assets designated at fair value through profit or loss in 2012

a. Private Equity portfolio

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 1 January 2012	3,525	279,843	472,901	756,269
Additions	(31)	11,278	120,825	132,072
Disposals	(3,351)	(105,671)	(93,775)	(202,797)
Net gains / (losses)	(144)	(3,590)	44,305	40,571
Currency differences	1	839	457	1,297
Fair value at 31 December 2012	--	182,699	544,713	727,412

b. Wealth Management portfolio

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 1 January 2012	146,127	4,246	6,514	156,887
Additions	65,452	18	8,695	74,166
Disposals	(54,400)	(31)	(7,562)	(61,993)
Net gains / (losses)	37	15	386	438
Currency differences	3,466	66	102	3,634
Fair value at 31 December 2012	160,682	4,314	8,135	173,132

c. Total

In \$ '000	Debt securities	Equity, convertible and investment-related loans	Third party funds	Total
Fair value at 31 December 2012	160,682	187,013	552,848	900,544
Net gains/(losses) at 31 December 2012	(107)	(3,575)	44,691	41,009

10.2 Financial assets available-for-sale

Schedule of changes in financial assets available-for-sale in 2013

a. Private Equity portfolio

There is no financial assets available-for-sale in the private equity portfolio in 2013.

b. Wealth Management portfolio

In \$ '000	Debt securities	Equity securities	Total
Fair value at opening balance	308,580	373	308,953
Additions	210,926	7	210,933
Disposals	(250,347)	--	(250,347)
Unrealized gains / (losses)	805	--	805
Currency differences	6,516	17	6,532
Fair value at closing balance	276,479	397	276,876

Schedule of changes in financial assets available-for-sale in 2012

a. Private Equity portfolio

There is no financial assets available-for-sale in the private equity portfolio in 2012.

b. Wealth Management portfolio

In \$ '000	Debt securities	Equity securities	Total
Fair value at opening balance	198,280	361	198,641
Additions	215,997	4	216,001
Disposals	(112,904)	--	(112,904)
Unrealized gains / (losses)	4,866	--	4,866
Currency differences	2,341	8	2,349
Fair value at closing balance	308,580	373	308,953

Interest income related to debt securities portfolio available-for-sale amounts to USD 4.3 million (2012: USD 8.0 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 2,854 (2012: USD 1,752), of which no impairment loss.

10.3 Financial assets held for trading

Detailed schedule of derivatives by nature and maturity in 2013

a. Private Equity portfolio

There are no financial assets held for trading in the private equity portfolio in 2013.

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	546,161	94,890	36,973	678,024	9,313	--
Foreign currency options contracts	1,210	28,040	50,640	79,890	603	--
Interest rate swaps	1,709	--	88,250	89,959	847	--
Financial liabilities held for trading						
Foreign currency forward contracts	553,232	175,624	69,169	798,025	--	9,034
Foreign currency options contracts	1,210	28,040	50,640	79,890	--	603
Interest rate swaps	85,479	58,604	75,840	219,923	--	5,062
Total					10,764	14,699

Detailed schedule of derivatives by nature and maturity in 2012

a. Private Equity portfolio

There are no financial assets held for trading in the private equity portfolio in 2012.

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	321,933	72,981	22,226	417,140	7,776	--
Foreign currency options contracts	1,578	59,289	48,440	109,307	5,425	--
Interest rate swaps	--	--	--	--	121	--
Financial liabilities held for trading						
Foreign currency forward contracts	592,059	117,360	22,815	732,233	--	6,856
Foreign currency options contracts	1,578	59,289	48,440	109,307	--	5,425
Interest rate swaps	21,662	47,259	107,668	176,589	--	8,687
Total					13,322	20,967

11. Property, Plant and Equipment

Schedule of changes in Property, Plant and Equipment for the year 2013

In \$ '000	Land	Buildings	Fixtures and fittings	Cars	EDP Hardware	Total
Cost						
Balance at 1 January 2013	9,965	60,060	99,810	564	1,165	171,564
Additions	821	4,894	20,769	78	690	27,252
Acquisitions (Note 7)	--	--	--	--	--	--
Disposals	--	(149)	(2,871)	(83)	(769)	(3,872)
Revaluations	(14)	(217)	--	--	--	(231)
Transfers	--	--	--	--	--	--
Exchange differences	466	2,016	1,841	29	116	4,468
Balance at 31 December 2013	11,238	66,604	119,549	588	1,202	199,181
<i>Including controlled private equity portfolio</i>	<i>293</i>	<i>47,152</i>	<i>107,098</i>	<i>140</i>	<i>75</i>	<i>154,759</i>
Depreciation and impairment losses						
Balance at 1 January 2013	--	11,332	27,882	310	471	39,995
Depreciation charge	--	2,215	17,369	81	449	20,114
Disposals	--	(149)	(2,750)	(93)	(769)	(3,761)
Revaluations	--	214	--	--	--	214
Transfers	--	--	--	--	--	--
Exchange differences	--	425	851	12	101	1,389
Balance at 31 December 2013		14,037	43,352	310	252	57,951
<i>Including controlled private equity portfolio</i>		<i>11,003</i>	<i>36,002</i>	<i>(35)</i>	<i>3</i>	<i>46,973</i>
Net book value						
Balance at 1 January 2013	9,965	48,728	71,928	254	694	131,569
Balance at 31 December 2013	11,238	52,567	76,197	278	950	141,230
<i>Including controlled private equity portfolio</i>	<i>293</i>	<i>36,149</i>	<i>71,096</i>	<i>175</i>	<i>73</i>	<i>107,786</i>

Revaluation of lands and buildings

At the end of 2013, the appraised value of land and buildings of the headquarters of our French subsidiaries located Boulevard Saint-Germain 241-243 and Rue de Lille 86 in Paris amounts to a total fair value of USD 35.7 million (EUR 25.9 million) (2012: USD 32.5 million (EUR 24.6 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 86 rue de Lille 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.

Net book value of the land and building, had the property been recognized under cost model, would amount to USD 8.1 million (2012: USD 6.8 million). Cumulative amount of the revaluation surplus was USD 19.2 million at 31.12.2013 (2012: USD 18.4 million).

Schedule of changes in Property, Plant and Equipment for the year 2012

In \$ '000	Land	Buildings	Fixtures and fittings	Cars	EDP Hardware	Total
Cost						
Balance at 1 January 2012	9,760	40,085	61,503	504	3,001	114,853
Additions	--	5,820	11,401	26	426	17,673
Acquisitions (Note 7)	276	14,317	39,716	48	71	54,428
Disposals	--	(2,010)	(6,128)	(30)	--	(8,168)
Revaluations	(283)	35	(4)	--	(1)	(253)
Transfers	--	(102)	(5,293)	--	(2,967)	(8,362)
Exchange differences	212	1,915	(1,385)	16	635	1,393
Balance at 31 December 2012	9,965	60,060	99,810	564	1,165	171,564
<i>Including controlled private equity portfolio</i>	<i>284</i>	<i>42,838</i>	<i>87,852</i>	<i>145</i>	<i>73</i>	<i>131,192</i>
Depreciation and impairment losses						
Balance at 1 January 2012	--	10,331	25,069	255	2,419	38,074
Depreciation charge	--	4,068	13,289	83	402	17,842
Disposals	--	(2,010)	(6,629)	(32)	--	(8,671)
Transfers	--	(1,500)	(3,885)	(3)	(2,974)	(8,362)
Exchange differences	--	443	38	7	624	1,112
Balance at 31 December 2012	--	11,332	27,882	310	471	39,995
<i>Including controlled private equity portfolio</i>	<i>--</i>	<i>8,638</i>	<i>21,805</i>	<i>29</i>	<i>2</i>	<i>30,475</i>
Net booked value						
Balance at 1 January 2012	9,760	29,754	36,434	249	582	76,779
Balance at 31 December 2012	9,965	48,728	71,928	254	694	131,569
<i>Including controlled private equity portfolio</i>	<i>284</i>	<i>34,200</i>	<i>66,047</i>	<i>116</i>	<i>71</i>	<i>100,717</i>

12. Investment property

Schedule of changes in investment property

in \$ '000	2012	2013
At fair value		
Balance at 1 January	7,969	8,286
Additions	250	--
Transfer to owner-occupied properties	--	--
Revaluations	(112)	(240)
Exchange differences	179	355
Balance at 31 December	8,286	8,400

in \$ '000	2012	2013
Rental income derived from investment property	403	364
Direct operating expenses	(204)	(246)
Net profit arising from investment property	199	118

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 in the range of 4-5%, 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 2013

In \$ '000	Goodwill	Customer relationships and deposits	Brand	Other	Software and capitalized IT costs	Total
At cost						
Balance at 1 January 2013	118,052	46,318	4,663	1,791	10,310	181,133
Additions	--	--	--	1,172	1,076	2,248
Acquisitions (Note 7)	--	--	--	--	--	--
Disposals	--	--	--	--	(8)	(8)
Exchange differences	3,792	776	54	272	527	5,423
Balance at 31 December 2013	121,844	47,094	4,717	3,235	11,905	188,796
Accumulated amortization and impairment losses						
Balance at 1 January 2013	--	6,176	544	--	7,849	14,559
Amortization charge	--	2,049	662	1,221	1,391	8,770
Impairment loss	3,447	--	--	--	--	--
Disposals	--	--	--	--	(14)	--
Exchange differences	--	104	29	30	433	595
Balance at 31 December 2013	3,447	8,329	1,235	1,250	9,660	23,921
Carrying amounts						
Balance at 1 January 2013	118,052	40,142	4,119	1,791	2,461	166,565
Balance at 31 December 2013	118,396	38,766	3,482	1,985	2,245	164,875
<i>Including controlled private equity portfolio</i>	<i>53,140</i>	<i>7,425</i>	<i>7,287</i>	<i>7,356</i>	<i>--</i>	<i>75,208</i>

Schedule of changes in Intangible assets for the year 2012

In \$ '000	Goodwill	Customer relationships and deposits	Brand	Other	Software and capitalized IT costs	Total
At cost						
Balance at 1 January 2012	108,142	43,889	1,460	--	8,960	162,451
Additions	--	--	--	277	1,104	1,381
Acquisitions (Note 7)	13,669	1,212	3,163	1,514	--	19,558
Disposals	(6,962)	--	--	--	--	(6,962)
Exchange differences	3,203	1,217	40	--	246	4,705
Balance at 31 December 2012	118,052	46,318	4,663	1,791	10,310	181,133
Accumulated amortization and impairment losses						
Balance at 1 January 2012	2,561	2,366	194	--	6,085	11,206
Amortization charge	--	3,101	292	--	1,577	4,970
Impairment loss	--	--	--	--	--	--
Disposals	(2,561)	--	--	--	--	(2,561)
Exchange differences	--	709	58	--	187	954
Balance at 31 December 2012	--	6,176	544	--	7,849	14,559
Carrying amounts						
Balance at 1 January 2012	105,581	41,523	1,266	--	2,875	151,245
Balance at 31 December 2012	118,052	40,142	4,119	1,791	2,461	166,565
<i>Including controlled private equity portfolio</i>	<i>52,205</i>	<i>18,378</i>	<i>3,163</i>	<i>1,791</i>	<i>--</i>	<i>75,537</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	2012	2013
Yo! Sushi	34,527	35,291
ST Products	3,764	3,764
Anthony's Pizza	8,021	8,021
Acrotec	5,893	6,063
Balance at 31 December – Controlled Private Equity Investments	52,205	53,139

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 the following:

	2012	2013
Yo! Sushi	9.0	10.0
ST Products	6.8	6.8
Anthony's Pizza	7.9	8.5
Acrotec	6.7	8.1

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	2012	2013
Quilvest Switzerland	1,696	1,746
Quilvest Banque Privée	21,464	18,956
CBP Quilvest	42,685	44,553
Balance at 31 December – Banking entities	65,845	65,255

For the purpose of the goodwill impairment testing as of 31 December 2013, the recoverable amount of the three banking entities 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 banking entity. The expected cash flow approach was based on multiple, probability-weighted cash flow projections over a 5-year period.

For Quilvest Switzerland Ltd. and Compagnie de Banque Privée Quilvest S.A. the recoverable amount exceeds the carrying value as at 31 December 2013.

For Quilvest Banque Privée S.A., the carrying value was higher than its recoverable amount and an impairment loss of USD 3.4m (EUR 2.5m) was recognized. The impairment loss was fully allocated to goodwill.

Key assumptions used in discounted cash flows projections:

Key assumptions used in the calculation of recoverable amounts are 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 1.50% to 2.00%. Discount rates were in a range from 8.67% to 11.36%.

Sensitivity to changes in assumptions:

For Quilvest Switzerland Ltd. and Compagnie de Banque Privée Quilvest S.A., reasonably possible changes in key assumptions would not trigger any impairment loss to be recognized.

For Quilvest Banque Privée S.A, two different sensitivity analyses were performed in addition to impairment:

- A discount rate analysis where the discount rate was increased/decreased by 1%;
- A terminal value growth rate analysis where the growth rate was increased/decreased by 0.5%.

Sensitivity tests using both higher discount rate (+1%) and terminal value growth rate (-0.5%) indicated that goodwill would have been impaired by additional USD 2.6m (EUR 1.9m). Using any change in assumption individually would change the impairment loss from nil to USD 6.1m (EUR 4.4m).

14. Investment in an associate

The Group has a 34 % interest in Gaspal Holding S.A.S, France, a management company targeting high net worth individuals as well as institutional.

In \$ '000		2013
Share of the associate's statement of financial position	Group's share	Total
Current assets	1,141	3,355
Non-current assets	709	2,085
Current liabilities	(510)	(1,500)
Equity	(1,111)	3,268
Carrying amount	1,111	
Revenue	1,622	4,772
Expenses	(1,429)	(4,204)
Profit	193	568

in \$ '000		2012
Share of the associate's statement of financial position	Group's share	Total
Current assets	169	496
Non-current assets	997	2,933
Current liabilities	(310)	(912)
Non-current liabilities and equity	(856)	(2,517)
Carrying amount	911	
Revenue	1,229	3,614
Expenses	(1,028)	(3,022)
Profit	201	591

15. Deferred Tax Assets and Liabilities

Recognized deferred tax assets and liabilities

In \$ '000	2012		2013		2012	2013
	Assets	Liabilities	Assets	Liabilities	net	net
Financial assets	--	(1,655)	--	(307)	(1,655)	(307)
Property, Plant & Equipment	154	(10,796)	159	(11,131)	(10,642)	(10,971)
Investment property	--	(2,697)	--	(2,706)	(2,697)	(2,706)
Intangible Assets	166	(13,678)	228	(12,653)	(13,513)	(12,424)
Investment in an associate	--	(16)	--	--	(16)	--
Employee benefits	162	--	168	--	162	168
Other liabilities	1,541	--	1,379	--	1,541	1,379
Other provisions	--	(1,975)	--	(1,891)	(1,975)	(1,891)
Tax losses carried forward	8,144	--	4,687	--	8,144	4,687
Set off of tax	(1,654)	1,654	(307)	307	--	--
Total deferred tax assets/(liabilities)	8,513	(29,163)	6,315	(28,380)	(20,651)	(22,065)

Movements of net deferred tax liabilities

In \$ '000	2012	2013
Net deferred tax liabilities at opening balance	(12,185)	(20,651)
Increase / (Decrease) in temporary differences	(2,424)	2,662
Change in tax rate	--	--
Business combinations	(4,415)	--
Deferred tax assets recognized on tax losses carried forward	(1,016)	(3,457)
Currency differences	(611)	(618)
Net deferred tax liabilities at closing balance	(20,651)	(22,065)

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

Movements for the year 2013

In \$ '000	Balance 1 January	Recognized in profit & loss	Recognized in equity	Business combinations	Balance 31 December
Financial assets	(1,655)	1	1,347	--	(307)
Property, Plant & Equipment	(10,642)	66	(395)	--	(10,971)
Investment property	(2,697)	50	(59)	--	(2,706)
Intangible Assets	(13,513)	1,365	(276)	--	(12,424)
Investment in an associate	(16)	17	(1)	--	--
Employee benefits	162	9	(3)	--	168
Other liabilities	1,541	--	(162)	--	1,379
Other provisions	(1,975)	136	(52)	--	(1,891)
Tax losses carried forward	8,144	(3,562)	105	--	4,687
Total	(20,651)	(1,919)	507	--	(22,065)

Movements for the year 2012

In \$ '000	Balance 1 January	Recognized in profit & loss	Recognized in equity	Business combina- tions	Balance 31 December
Financial assets	1,675	(1,038)	(2,292)	--	(1,655)
Property, Plant & Equipment	(6,097)	16	(146)	(4,415)	(10,642)
Investment property	(2,592)	(47)	(58)	--	(2,697)
Intangible Assets	(14,076)	636	(73)	--	(13,513)
Investment in an associate	(9)	(7)	--	--	(16)
Employee benefits	210	(50)	2	--	162
Other liabilities	1,376	129	36	--	1,541
Other provisions	(1,832)	18	(161)	--	(1,975)
Tax losses carried forward	9,160	(1,192)	176	--	8,144
Total	(12,185)	(1,535)	(2,516)	(4,415)	(20,651)

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	2012 (restated)	2013
Profit/(loss) before tax	6	95,268
Luxembourg theoretical tax rate (rounded)	30%	30%
Expected income tax expense / (credit)	2	28,580
Non-deductible expenses	180	1,567
Changes in tax rates	--	--
Tax effects of non-taxable income, capital gains and fair value changes	(14,094)	(40,640)
Current income taxes relating to prior periods	(34)	52
Losses for which no tax benefit is recognized	14,943	14,667
Other	1,368	781
Tax (expense) / credit in the statement of profit or loss	(2,365)	(5,008)

Income tax expenses

In \$ '000	2012	2013
Total current year tax (expense) / credit	(830)	(3,089)
Total deferred tax (expense) / credit	(1,535)	(1,919)
Total income tax (expense) / credit	(2,365)	(5,008)

16. Other assets

In \$ '000	2012	2013
Interest receivable	1,497	3,325
Carried interest receivable	9,396	17,969
Loans to employees	187	171
Income tax receivable	5,205	8,076
Prepaid expenses	2,199	2,517
Accrued income	8,155	9,509
Other assets and receivables from controlled private equity portfolio	82,869	80,232
Other assets and receivables	40,346	87,529
Total other assets	149,854	209,328
Allowance for impairment losses	--	--
Total other assets, net	149,854	209,328

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 2012 and 2013.

17. Amounts due to banks and bank customers

In \$ '000	2012	2013
Current account	8,781	1,035
With agreed maturity date or period of notice	176,327	61,352
Amounts due to banks	185,108	62,387
Current account	1,228,496	1,562,415
With agreed maturity date or period of notice	461,568	379,373
Amounts due to bank customers	1,690,064	1,941,788
Amounts due to banks and bank customers	1,875,172	2,004,175

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

18. Interest-bearing liabilities

In \$ '000	Original Currency	Nominal interest rate	Year of maturity	2012 Carrying amount	2013 Carrying amount
Senior company bonds	EUR	8%	2014	198,163	206,837
Senior bonds				198,163	206,837
Unsecured bank loan	EUR	Euribor 3M + 1.5%	2014	21,137	27,514
Unsecured bank loan	EUR	Euribor 3M + 2.0%	2014	15,853	36,047
Bonds	EUR	Euribor 3M + 0.9%	2015	4,756	4,964
Unsecured bank loan	EUR	5.03%	2013	26,422	--
Unsecured bank loan	EUR	0.75%	2013	3	--
Unsecured bank loan	USD	Euribor 3M + 2.0%	2014	--	9,783
Liabilities towards financial institutions				68,171	78,308
Hill and Valley					
Secured term loan	USD	Prime + 100 bps	2014	2,432	1,647
Yo! Sushi					
Secured bank credit facilities	GBP	Libor+2% to 3%	2013-2018	34,895	33,532
ST Products					
Secured term loan	USD	12%	2013-2017	20,000	15,750
Revolving credit facility	USD	Prime + 0.5%	2017	13,049	7,500
Anthony's Pizza					
Revolving loan facility	USD	Libor + 6%	2016	1,000	3,370
Term loan facility	USD	Libor + 5%	2018	16,575	27,010
Senior subordinated facility	USD	12%+2%PIK	2017	7,552	--
Other facilities	USD	8% - 12%	2013-2022	343	88
Acrotec					
Secured bank credit facility	CHF	2.5% - 3.0%	2016	9,474	11,162
Real estate debt	CHF	2.5% - 3.0%	2025	14,659	14,254
Loan facility	CHF	4.25% PIK	2025	4,480	4,663
Interest-bearing liabilities of controlled private equity portfolio				124,459	118,975
Total Interest-bearing liabilities				390,793	404,119

The bank loans are secured by a fixed and floating charge over the assets of the consolidated private equity portfolio (including their subsidiaries). As at 31 December 2013, the capitalized loan costs represent USD 1,546 (2012: USD 1,987).

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

Senior bonds

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

As at 31 December 2013, the Group complied with the Net Debt Covenant as defined in the Terms and Conditions of the Bonds, section 3 - Negative Pledge and other Covenants, of the Senior Bond issue prospectus closed on 7 December 2009.

The cash surplus, in accordance with the net debt covenant calculation, is composed as follows at year-end:

In \$ '000	2012	2013
Cash and cash equivalents (Note 8)	844,954	809,298
Less : controlled private equity portfolio (Note 5)	(6,805)	(11,634)
Cash and cash equivalents, net	838,151	797,664
Interest-bearing liabilities	390,793	404,119
Less: controlled private equity portfolio (*) (Note 5)	(124,459)	(118,975)
Interest-bearing liabilities, net	266,333	285,144
Consolidated net indebtedness / (cash surplus)	(454,164)	(405,179)
Controlled private equity portfolio	117,654	107,341
Net debt / (cash surplus)	(571,818)	(512,520)

(*) : non-recourse to the Group

As at 31 December 2013, the aggregate cash and cash equivalents of Quilvest Wealth Management, Quilvest Banque Privée, Quilvest Switzerland and CBP Quilvest amounts to USD 775,829 (2012 : USD 795,322). Although this amount is included in 'consolidated cash and cash equivalents, net' above in accordance with the net debt covenant calculation, it is not directly available to the Group.

As at the date of this report, the Group is exploring refinancing opportunities in relation with the bonds maturing 7 December 2014. To date, it has already obtained firm commitments for more than half of the Senior bonds. Positive ongoing discussions are under way.

19. Employee benefit obligations

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

Liability for defined benefit obligations

in \$ '000	2012 (restated)	2013
Present value of unfunded obligations	258	505
Present value of funded obligations	39,346	38,365
Fair value of plan assets	(30,980)	(36,282)
Net liability in the statement of financial position	8,624	2,588

Changes in net liability recognized in the statement of financial position

In \$ '000	2012 (restated)	2013
Net liability at opening balance	8,120	8,624
Net expenses recognized in the profit or loss	1,562	2,373
Net effect of adopting IAS 19R	818	(6,455)
Contributions	(2,109)	(2,257)
Exchange differences	233	303
Net liability at closing balance	8,624	2,588

Detail of expenses recognized in the statement of profit or loss

In \$ '000	2012 (restated)	2013
Current service cost	1,586	2,237
Interest on obligation	800	136
Expected return on plan assets	(667)	--
Past service cost	(157)	--
Expenses recognized in the statement of profit or loss	1,562	2,373

At 31 December 2013, 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 2.4 million (2012: USD 2.2 million).

Principal actuarial assumptions at the balance sheet date

In \$ '000	2012	2013
Discount rate at 31 December	1.90%	2.20%
Expected return on plan assets at 31 December	1.90%	2.20%
Future salary increase	2.00%	0.50%
Future pension increase	0.00%	0.00%

Defined benefit obligation evolution

At 31 December	2009	2010	2011	2012 (restated)	2013
Present value of the defined benefit obligation	25,663	30,116	36,815	39,604	38,870
Fair value of the plan assets	24,188	26,128	29,281	30,980	36,282
Surplus / (deficit) in the plan	(1,475)	(3,988)	(7,534)	(8,624)	(2,588)

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 2013, 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 29.50% (2012: 30.25%). Based on this estimate the discounted commitment is not significant and therefore, no provision was recognized during the year ended 31 December 2013.

20. Provisions

In \$ '000	2012	2013
Provisions for litigation	292	653
Other provisions	675	2,477
Total Provisions	967	3,130
<i>Including controlled private equity portfolio</i>	<i>--</i>	<i>--</i>

In \$ '000	Litigation	Other	Total
1 January 2013	292	675	967
Additions	438	1,860	2,298
Used	--	(76)	(76)
Unused / Reversals	(102)	(93)	(195)
Currency differences	25	111	136
31 December 2013	653	2,477	3,130

Other provisions mainly include unused vacation rights and tax provisions.

21. Other liabilities

In \$ '000	2012	2013
Interest payable	3,316	14,111
Carried interest payable	13,856	19,515
Liabilities relating to performance bonus	3,152	3,296
Dividends payable	86	35
Income tax payable	9,694	10,634
Accrued expenses	14,871	14,472
Deferred income	2,473	3,133
Accounts payable from controlled private equity portfolio	38,815	26,760
Other liabilities and payable	46,032	67,723
Total Other liabilities	132,295	159,679

22. Capital and reserves

Ordinary shares

Number of ordinary shares (Units)	2012	2013
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)	Value (\$ '000)
1 January 2012	32,264	3,188
Acquired	5,364	598
Disposed	--	--
31 December 2012	37,628	3,786
1 January 2013	37,628	3,786
Acquired	5,085	527
Disposed	--	--
31 December 2013	42,713	4,313

Reserves

Reserves include restricted reserves not available for distribution of USD 4,499 (2012: 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.

	2012 (restated)	2013
Net profit/(loss) attributable to the shareholders of the parent	84	57,152
Issued ordinary shares at 1 January	6,656,000	6,656,000
Effect of own shares held	(34,946)	(40,171)
Weighted average number of ordinary shares at 31 December	6,621,054	6,615,830
Net basic earnings per share (in \$)	(0.0)	8.6

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

	2013
Declared and paid during the year:	
Final dividend for 2012	6,643
Interim dividend for 2013 – nil	--
Proposed for approval at the annual general meeting on 13 June 2014	
USD 1.25 per share	8,310

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	2012	2013
Rental income	12	403	364
Change in fair value of investment property	12	138	(240)
Other income, net		3,650	6,391
Total Other Operating Income, Net		4,191	6,516

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	2012 (restated)	2013
<i>Personnel</i>			
Salaries and wages		(55,254)	(57,623)
Pension expense - Defined contributions plans		(2,234)	(2,001)
Pension expense - Defined benefit plans	19	(1,556)	(2,373)
Social contributions		(12,170)	(11,261)
Variable compensation		(14,457)	(17,374)
Other personnel costs		(4,403)	(4,570)
Total		(90,074)	(95,201)
<i>Other administrative expenses</i>			
External consultancy fees		(10,547)	(13,050)
Rental expense		(5,622)	(6,019)
Other administrative expenses		(23,332)	(24,557)
Total		(39,501)	(43,627)
Total General Administrative Expenses		(129,575)	(138,827)

The fees expense with the Group auditor amounts to USD 1,699 (2012: USD 1,569) for audit and audit related services, to USD 102 (2012: USD 279) for tax services and to USD 136 (2012: USD 30) in relation with other services.

27. Financial costs, net

	2012	2013
Interest income on monetary assets	575	2,381
Foreign exchange gains	9,339	10,333
Total financial income	9,914	12,714
Interest expense on monetary liabilities	(16,092)	(19,101)
Foreign exchange losses	(13,544)	(16,879)
Total financial expenses	(29,636)	(35,980)
Finance costs, net – controlled private equity	(7,303)	(5,290)
Financial costs, net	(27,025)	(28,556)

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 Strategic 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 Group CEO and the Group controller and approved by the Board of Directors of Quilvest. Both are 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 Controller 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.

28.3 Credit Risk

28.3.1 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 2013, the average credit rating of the investment portfolio was "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.

28.3.2 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 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 CSSF circular 06/273, as amended, 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 subsidiaries.

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 2013, no breach of aforementioned maximum limits has been observed at QWM level.

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.

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 an appropriate loan impairment is recorded to reflect the valuation shortfall.

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

28.3.3 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 2013 (in \$ '000)	Carrying amount	Luxembourg	Europe	USA	Other
<i>Financial instruments</i>					
Cash and cash equivalents	809,298	633,206	170,556	4,069	1,467
Amounts owed from banks and bank customers	858,128	159,039	344,409	--	354,680
Financial assets at fair value through profit and loss	1,106,595	15,337	412,821	422,899	255,538
Financial assets available for sale	276,876	397	176,270	--	100,209
Financial assets held for trading	10,764	3,861	509	--	6,394
Other receivables	209,328	30,154	57,447	51,284	70,443
Total financial instruments	3,270,989	841,995	1,162,012	478,252	788,731
<i>Off balance sheet</i>					
Guarantees and assimilated	40,303	13,114	19,988	--	7,202
Maximum exposure to credit risk	3,311,292	855,109	1,182,000	478,252	795,932

As of 31 December 2013 the Group has issued guarantees and other direct credit substitutes for a total amount of USD 40,303 (2012: USD 30,357).

Other direct credit substitutes are guarantees granted QWM and its subsidiaries in respect of loans granted to clients by third parties.

For the year 2012 (in \$ '000)	Carrying amount	Luxembourg	Europe	USA	Other
<i>Financial instruments</i>					
Cash and cash equivalents	844,954	655,873	182,689	3,076	3,316
Amounts owed from banks and bank customers	773,749	122,306	364,893	229	286,321
Financial assets at fair value through profit and loss	900,545	37,856	336,932	340,122	185,635
Financial assets available for sale	308,953	373	224,738	83,842	--
Financial assets held for trading	13,322	1,953	8,462	2	2,905
Other receivables	149,854	16,144	49,099	54,071	30,540
Total financial instruments	2,991,377	834,505	1,166,813	481,342	508,717
<i>Off balance sheet</i>					
Guarantees and assimilated	30,357	4,098	18,328	2,636	5,295
Maximum exposure to credit risk	3,021,734	838,603	1,185,141	483,978	514,012

28.3.4 Credit risk exposure by type of counterparty

For the year 2013 (in \$ '000)	Carrying amount	Sovereign	Credit institutions	Other financial companies	Non-financial companies	Individuals
<i>Financial instruments</i>						
Cash and cash equivalents	809,298	724,852	84,446	--	--	--
Amounts owed from banks and bank customers	858,128	--	57,177	372,762	141,698	286,492
Financial assets at fair value through profit and loss	1,106,595	42,735	196,087	867,773	--	--
Financial assets available for sale	276,876	--	263,377	397	13,102	--
Financial assets held for trading	10,764	--	7,426	2,670	76	592
Other receivables	209,328	--	--	93,894	115,434	--
Total financial instruments	3,270,989	767,588	608,512	1,337,496	270,310	287,083
<i>Off balance sheet</i>						
Guarantees and assimilated	40,303	--	1,751	4,233	11,617	22,702
Maximum exposure to credit risk	3,311,292	767,588	610,263	1,341,728	281,927	309,786

During 2013, the Group did not suffer from credit losses on client loans. At the end of 2013, the amount of past due positions amounted to USD 2,042 (2012: USD 2,226), 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 2013.

For the year 2012 (in \$ '000)	Carrying amount	Sovereign	Credit institutions	Other financial companies	Non-financial companies	Individuals
<i>Financial instruments</i>						
Cash and cash equivalents	844,954	679,123	165,831	--	--	--
Amounts owed from banks and bank customers	773,749	10,761	43,501	307,648	91,421	320,418
Financial assets at fair value through profit and loss	900,545	70,098	79,347	749,746	1,354	--
Financial assets available for sale	308,953	5,203	293,810	373	9,567	--
Financial assets held for trading	13,322	--	5,777	6,832	31	682
Other receivables	149,854	--	--	49,226	100,628	--
Total financial instruments	2,991,377	765,185	588,266	1,113,825	203,001	321,100
<i>Off balance sheet</i>						
Guarantees and assimilated	30,357	--	--	6,459	9,975	13,923
Maximum exposure to credit risk	3,021,734	765,185	588,266	1,120,284	212,976	335,023

28.3.5 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)	2012	2013
Loans secured by real estate	30,417	31,081
Lombard loans	631,466	704,341
Other collaterals	51,081	50,229
Not collateralized	6,523	89,219
Total	719,487	874,871

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

28.3.6 Ageing of receivables

The ageing of receivables at the reporting date is:

(in \$ '000)	2012	2013
Not past due – Gross amounts	1,770,783	1,878,797
Past due - Impaired	(2,226)	(2,042)
Total	1,768,557	1,876,205

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

28.4 Liquidity risk

28.4.1 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 instruments.

28.4.2 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, investments in high-quality bonds and to a lesser extent, short term bank placements. QWM also deposits the vast majority of eligible bonds with central banks 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 2013, no breach of any ratio was reported.

QBP does not refinance its activities on the interbank market. Contrariwise, QVS refinances a part of its

credit portfolio via interbank loans and benefits locally as such 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. 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.

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 CEO and Group Controller. 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 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.

28.4.3 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 2013 (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	809,298	--	--	--	--
Amounts owed from banks and bank customers	414,994	407,852	35,282	--	--
Other receivables	141,629	935	4,138	--	62,626
Financial assets	93,144	116,384	341,535	--	843,171
Total non-derivative financial instruments	1,459,065	525,172	380,955	--	905,797
<i>Non-derivative financial liabilities</i>					
Amounts due to banks and banks customers	1,968,189	11,527	24,459	--	--
Other liabilities	58,268	51,267	16,014	--	34,130
Interest-bearing liabilities	73,266	208,483	102,268	20,102	--
Unfunded Private Equity commitments	--	--	--	--	497,992
Total non-derivative financial liabilities and unfunded Private Equity commitments	2,099,723	271,277	142,741	20,102	532,122
Group net liquidity gap	(640,658)	253,895	238,214	(20,102)	373,675

Open commitments related to Private Equity fund commitments amount to USD 497,992 as of 31 December 2013 (USD 354,766 as of 31 December 2012). 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, at the end of 2013, USD 75,840 (2012: USD 36,990) committed credit lines (quarterly renewable).

For the year 2012 (in \$ '000)	Less or equal to	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	838,150	--	--	--	--
Amounts owed from banks and bank customers	371,827	356,171	45,569	182	--
Other receivables	54,535	2,480	9,447	--	523
Financial assets	104,137	127,557	270,740	170	720,215
Total non-derivative financial instruments	1,368,649	486,208	325,756	352	720,738
<i>Non-derivative financial liabilities</i>					
Amounts due to banks and banks customers	1,489,836	208,684	176,676	--	--
Other liabilities	69,516	--	5,540	--	16,560
Interest-bearing liabilities	63,415	--	202,919	--	--
Unfunded Private Equity commitments	--	--	--	--	354,766
Total non-derivative financial liabilities and unfunded Private Equity commitments	1,622,767	208,684	385,135	--	371,326
Group net liquidity gap	(254,118)	277,524	(59,379)	352	349,412

28.5 Market risk

28.5.1 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 28.7.

28.5.2 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.

28.5.3 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 bond foreign currency exposure in EUR (Note 18) is used to mitigate 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 2013, the breakdown of exposures by foreign currency was the following:

For the year 2013 (in \$ '000)	Carrying amount	USD	EUR	GBP	CHF	Other
Cash and cash equivalents	809,298	11,726	716,120	2,414	61,980	17,058
Amounts owed from banks and bank customers	858,128	206,177	473,779	152,499	13,534	12,139
Other receivables	209,328	147,166	21,202	9,376	29,706	1,879
Financial assets	1,394,235	765,049	623,945	1,697	3,544	--
Property, plant and equipment	141,230	69,300	2,830	30,225	38,612	263
Investment property	8,400	8,400	--	--	--	--
Intangible assets	164,875	33,853	87,618	35,291	8,113	--
Investments in associates	1,111	--	1,111	--	--	--
Deferred tax assets	6,315	--	6,315	--	--	--
Total Assets	3,592,921	1,241,672	1,932,921	231,501	155,488	31,339
Financial liabilities held for trading	14,699	840	10,084	245	3,498	32
Amounts due to banks and banks customers	2,004,175	494,421	976,940	394,467	108,985	29,362
Other liabilities	159,679	87,964	39,539	13,415	11,148	7,614
Interest-bearing liabilities	404,119	81,864	258,644	33,532	30,079	--
Employee benefit obligations	2,588	--	505	--	2,083	--
Provisions	3,130	--	1,296	--	1,835	--
Deferred tax liabilities	28,380	5,726	16,024	--	6,630	--
Total Liabilities	2,616,770	670,815	1,303,031	441,659	164,257	37,008
Group net currency exposure		570,857	629,890	(210,158)	(8,768)	(5,669)

At 31 December 2013, a 10% change in the USD rate against other currencies would have an impact of approximately USD 40 million (USD 13 million at 31 December 2012) on assets and liabilities denominated in foreign currencies with the majority of this impact in the profit or loss.

At 31 December 2012, the breakdown of exposures by foreign currency was the following:

For the year 2012 (in \$ '000)	Carrying amount	USD	EUR	GBP	CHF	Other
Cash and cash equivalents	844,954	87,198	717,771	3,046	24,057	12,882
Amounts owed from banks and bank customers	773,749	220,168	539,798	--	12,894	889
Other receivables	149,854	91,231	21,039	7,504	28,717	1,363
Investments	1,222,819	610,245	598,199	9,409	4,884	82
Property, plant and equipment	131,569	37,833	28,863	28,887	35,986	--
Investment property	8,286	--	8,286	--	--	--
Intangible assets	166,565	35,119	89,170	34,527	7,749	--
Investments in associates	911	--	911	--	--	--
Deferred tax assets	8,512	--	8,512	--	--	--
Total Assets	3,307,219	1,081,794	2,012,549	83,373	114,287	15,216
Financial liabilities held for trading	20,967	5,069	12,289	78	3,475	56
Amounts due to banks and banks customers	1,875,172	221,123	1,613,966	--	35,755	4,688
Other liabilities	132,295	64,495	33,847	12,671	21,282	--
Interest-bearing liabilities	390,793	60,952	266,333	34,895	28,613	--
Employee benefit obligations	1,250	--	485	--	765	--
Provisions	967	--	814	--	153	--
Deferred tax liabilities	29,163	6,579	16,003	--	6,581	--
Total Liabilities	2,450,607	358,218	1,943,737	47,644	96,264	4,744
Group net currency exposure		723,576	68,812	35,729	18,023	10,472

28.5.4 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. The portfolio of debt securities carried as assets available for sale is also partly hedged for interest rate risk with interest rate swaps (see note 10).

The Group exposure to fixed interest rates with long maturities remains limited as well.

At 31 December 2013, the Group is exposed to interest-rate risk on the basis of the lower between maturity and re-pricing date as follows:

in \$ '000	Carrying amount	Less or equal to	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Non-interest-bearing	With fixed interest rate
Cash and cash equivalents	809,298	809,298	--	--	--	--	--
Amounts owed from banks and bank customers	858,128	393,757	387,723	15,917	--	--	60,732
Other receivables	209,328	11,722	659	50,874	--	146,073	--
Financial assets	1,394,235	38,215	64,123	96,185	--	869,754	325,959
Total financial instruments	3,270,990	1,252,992	452,505	162,976	--	1,015,827	386,691
Financial liabilities held for trading	14,699	8,239	3,549	2,911	--	--	--
Amounts due to banks and banks customers	2,004,175	1,296,259	--	--	--	689,522	18,394
Other liabilities	159,679	--	--	20	--	159,659	--
Interest-bearing liabilities	285,144	73,344	--	4,964	--	--	206,837
Interest-bearing loans of controlled Private Equity investments	118,975	--	1,647	97,304	20,024	--	--
Total financial liabilities	2,582,672	1,377,842	5,196	105,199	20,024	849,181	225,231
Group net interest rate gap		(124,851)	447,309	57,777	(20,024)	166,646	161,460

A rise of 1 % in the short term interest rates less than one year would positively impact the result of the Group for approximately USD 3.2 million (2012: positive impact of USD 0.9 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 2012, the Group is exposed to interest-rate risk on the basis of the lower between maturity and re-pricing date as follows:

in \$ '000	Carrying amount	Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Non-interest-bearing	With fixed interest rate
Cash and cash equivalents	844,954	844,954	--	--	--	--	--
Amounts owed from banks and bank customers	773,749	201,010	293,475	35,598	550	--	243,116
Other receivables	149,854	8,396	515	50	--	140,893	--
Financial assets	1,222,819	64,977	55,924	82,656	--	746,215	273,047
Total financial instruments	2,991,376	1,119,337	349,914	118,304	550	887,108	516,163
Financial liabilities held for trading	20,967	--	543	4,531	--	15,893	--
Amounts due to banks and banks customers	1,875,172	1,155,875	55,857	163,302	--	312,409	187,729
Other liabilities	132,295	29,226	--	3,234	--	99,835	--
Interest-bearing liabilities	266,334	63,415	--	4,756	--	--	198,163
Interest-bearing loans of controlled Private Equity investments	124,459	76,603	2,432	45,424	--	--	--
Total financial liabilities	2,419,227	1,325,119	58,832	221,247	--	428,137	385,892
Group net interest rate gap		(205,782)	291,082	(102,943)	550	458,971	130,271

During 2012, the Group's sensitivity to interest rate risk movements has inversed as of the end of February due to the effect of the Group's participation in the European LTRO (Long Term Refinancing Operation) program for a total amount of EUR 120 million.

28.6 Operational risk

28.6.1 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.

28.6.2 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-eye principle;
- Risk governance structure;
- 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;
- 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.

28.7 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 2013, 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	10,764	--	10,764	--
Financial assets designated at fair value				
Debt securities	250,208	250,208	--	--
Equity, convertible and investment-related loans	243,713	2,722	27,885	213,106
Convertible loans	--	--	--	--
Investment related loans	--	--	--	--
Third party funds	612,674	2,552	1,591	608,530
Financial assets available for sale				
Debt and equity securities	276,876	276,479	397	--
Total financial assets	1,394,235	531,961	40,637	821,637
Financial liabilities at fair value through profit and loss				
Financial liabilities held for trading				
Derivatives	14,699	--	14,699	--
Total financial liabilities	14,699	--	14,699	--

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 consolidated statement of profit or loss. The estimated impact is of USD 139 million at 31 December 2013 on investments (USD 122 million at 31 December 2012).

Reconciliation of level 3 items at 31 December 2013:

In \$ '000	Equity, convertible and investment-related loans	Third party funds	Total assets level 3
At 1 January 2013	168,808	536,173	704,981
Profit or loss	9,023	70,539	79,562
Other comprehensive income	1,415	631	2,046
Additions	52,670	88,412	141,081
Disposals	(17,907)	(91,948)	(109,855)
Transfers	--	--	--
Transfers in Level 3	9,301	10,477	26,779
Transfers out of Level 3	(10,201)	(5,753)	(22,955)
At 31 December 2013	213,108	608,530	821,638
Total gains for the year included in profit or loss for assets held at 31 December 2013	29,870	86,695	116,566

At 31 December 2012, the Group was exposed to fair value risk as follows:

in \$ '000	Carrying amount	Level 1	Level 2	Level 3
Financial assets held for trading				
Derivatives	13,322	--	13,322	--
Financial assets designated at fair value				
Debt securities	160,681	160,681	--	--
Equity, convertible and investment-related loans	187,015	3,081	15,126	168,808
Third party funds	552,849	13,830	2,846	536,173
Financial assets available for sale				
Debt and equity securities	308,953	308,579	374	--
Total financial assets	1,222,820	486,171	31,668	704,981
Financial liabilities at fair value through profit and loss				
Financial liabilities held for trading				
Derivatives	20,967	--	20,967	--
Total financial liabilities	20,967	--	20,967	--

Reconciliation of level 3 items at 31 December 2012:

In \$ '000	Equity, convertible and investment-related loans	Third party funds	Total assets level 3
At 1 January 2012	227,465	463,740	691,205
Profit or loss	(4,746)	44,754	40,008
Other comprehensive income	907	290	1,197
Additions	35,414	98,001	133,415
Disposals	(102,638)	(70,612)	(173,250)
Transfers	--	--	--
Transfers in Level 3	12,406	--	12,406
Transfers out of Level 3	--	--	--
At 31 December 2012	168,808	536,173	704,981
Total gains for the year included in profit or loss for assets held at 31 December 2012	25,786	61,583	87,369

28.8 Financial instruments not measured at fair value

As at 31 December 2013, the Senior Bond interest-bearing liability (level 3) has an estimated fair value of USD 204.9 million (2012: USD 204.2 million) compared with the carrying amount of USD 206.8 million (2012: USD 198 million).

For all other 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.

28.9 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	2011	2012
Cash and cash equivalents	844,954	809,298
Less: cash and cash equivalents attributable to controlled private equity investments	(6,805)	(11,634)
Interest-bearing liabilities	390,793	404,119
Less: interest-bearing liabilities attributable to controlled private equity investments	(124,459)	(118,975)
Net debt / (cash surplus)	(571,815)	(512,520)
Total equity	849,238	976,150

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 2013, no breach was reported. As of 31 December 2013, the capital adequacy ratio (simplified ratio) of QWM was 20.5% (2012: 16.6%). The ICAAP report for the 3 year period 2014-2016 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	2012	2013
Acceptances and endorsements	--	--
Guarantees and assets pledged as collateral security	275,040	2,394
Commitments arising out of derivatives transactions	1,544,576	1,945,710
Fiduciary operations	549,335	562,243
Open commitments related to Private Equity investment	354,766	497,992
Total Contingent Liabilities and Commitments	2,723,717	3,008,339

Private Equity

Assets Under Management ("AUM") represents the assets from which the Group is entitled to receive fees or carried interest and general partner capital. The Group calculates the amount of AUM as of any date as the sum of: (i) the fair value of the investments of the Group's investment funds plus uncalled capital commitments from these funds for investments made after 2008; (ii) the fair value of investments made before 2008 or exited or depreciated by more than 75%. As at 31 December 2013, total assets under management for the private equity amount to approximately USD 4.5 billion (2012: USD 4.0 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 2013, total assets under management, including those under custody, amount to approximately USD 21.6 billion (2012: USD 18.0 billion).

30) Related Parties

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

Group entities

Name	Country	Ownership %	
		2012	2013
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%
Participations France S.à r.l.	Luxembourg	--	66.32%
Quilvest & Partners S.A.	Luxembourg	81.5%	79.5%
Quilvest & Partners France S.A.S.	France	81.5%	79.5%
Quilvest Luxembourg Services S.A.	Luxembourg	81.5%	79.5%
Quilvest U.K. Ltd	United Kingdom	81.5%	79.5%
Quilvest U.S.A. Ltd	United States	81.5%	79.5%
Quilvest Hong Kong Ltd	Hong Kong	81.5%	79.5%
Quilvest Dubai Ltd	UAE	81.5%	79.5%
Quilvest Private Equity S.à r.l.	Luxembourg	81.5%	79.5%
QS PEP S.à r.l.	Luxembourg	81.5%	79.5%
QS Direct SI S.à r.l.	Luxembourg	81.5%	79.5%
Quilvest Management S.à r.l. (liquidated)	Luxembourg	81.5%	--
QS Geo S.à r.l.	Luxembourg	81.5%	79.5%
QS Rep S.à r.l.	Luxembourg	81.5%	79.5%
QS Management Ltd	BVI	81.5%	79.5%
QS PDI S.à r.l.	Luxembourg	--	79.5%
QS FF Management Ltd	BVI	--	79.5%
QS Hi Express GP S.à r.l.	Luxembourg	--	79.5%
QS Master GP S.à r.l.	Luxembourg	--	79.5%
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	66.33%	66.33%

Controlled private equity portfolio

Name	Country	Ownership %	
		2012	2013
Hill and Valley Group	United States	83.9%	83.9%
YO! Sushi Group	United Kingdom	73.3%	73.3%
ST Products Group	United States	57.3%	57.3%
Anthony's Pizza Group	United States	58.5%	58.5%
Acrotec Group	Switzerland	56.2%	56.2%

All companies integrated in the consolidation have the closing date at 31 December, with the exception of Yo! Sushi Group and its subsidiaries (30 November).

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

Management remuneration

Key management personnel is defined within the Group as 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	2012		2013	
	Management and executive directors	Non-executive directors	Management and executive directors	Non-executive directors
Short-term employee benefits				
- Fixed	3,442	2,497	3,215	2,179
- Variable	1,448	--	1,532	--
Post-employment benefits	541	--	651	--
Other long-term benefits	500	946	1,667	737
Total Remuneration	5,931	3,443	7,065	2,916

Carried interest paid to key management personnel in 2013 amounted to USD 789 (2012: USD 1,335).

Other carried interest received by key management personnel in 2013 amounted to USD 1,975 (2012: USD 882).

31) Group employment

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

	2012	2013
Number of employees at 31 December	407	406
Full time equivalent at 31 December	400	404
Average full time equivalent during the year	397	402

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 2013 or require disclosure.



Separate
Financial
Statements

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

Following our appointment by the General Meeting of the Shareholders dated 14 June 2013, we have audited the accompanying annual accounts of Quilvest S.A., which comprise the balance sheet as at 31 December 2013, 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 2013, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Luxembourg, 29 April 2014

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



Thierry Ravasio

KPMG Luxembourg S.à r.l., a Luxembourg private limited company and a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

9, Allée Scheffer, L-2520 Luxembourg

T.V.A. LU 24892177, Capital 12.502€ | R.C.S. Luxembourg B 149133

Balance Sheet

Assets

USD	Notes	2012	2013
Fixed assets			
Tangible assets	3		
Other fixtures and fittings, tools and equipment		24,282	215,102
Payments on account and tangible fixed assets under development		--	132,435
Financial assets	4		
Shares in affiliated undertakings		547,558,583	549,266,821
Loans to affiliated undertakings		202,018,127	200,198,354
		749,600,992	749,812,712
Current assets			
Debtors			
Trade debtors			
becoming due and payable within one year		55,725	64,923
Amounts owed by affiliated undertakings			
becoming due and payable within one year		29,949,345	31,450,198
Amounts owed by undertakings with which the company is linked by virtue of participating interests becoming due and payable after more than one year		--	11,376,773
Other debtors			
becoming due and payable within one year		94,891	1,520
becoming due and payable after more than one year		1,014,451	1,094,788
Investments			
Own shares		277,500	780,010
Cash at bank and in hand		14,521,799	5,104,564
		45,913,711	49,872,776
Prepayments			
		24,271	68,378
Total assets		795,538,974	799,753,866

The accompanying notes form an integral part of these annual accounts

Balance Sheet

Liabilities

USD	Notes	2012	2013
Capital and reserves	5		
Subscribed capital		44,989,630	44,989,630
Share premium and similar premiums		44,989,630	44,989,630
Reserves		110,248,614	110,248,614
Legal reserve			
Reserve for own shares		277,500	780,010
Profit brought forward		178,088,311	361,757,065
Result for the financial year		190,822,139	(15,189,093)
		528,925,157	507,085,189
Non-subordinated debts	6		
Debtenture loans			
Non-convertible loans			
becoming due and payable within one year		998,957	226,884,222
becoming due and payable after more than one year		225,841,538	--
Amounts owed to credit institutions			
becoming due and payable within one year		37,068,897	63,590,977
Trade creditors			
becoming due and payable within one year		113,632	350,240
Amounts owed to affiliated undertakings			
becoming due and payable within one year		1,089,041	796,277
becoming due and payable after more than one year		--	--
Tax and social security debts			
Tax debts		206,043	72,890
Social security debts		22,621	20,868
Other creditors			
becoming due and payable within one year		1,273,088	953,203
		266,613,817	292,668,677
Total liabilities		795,538,974	799,753,866

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

Income Statement

USD	Notes	2012	2013
Charges			
Other external charges		3,599,570	3,561,529
Staff costs	7		
Wages and salaries		1,006,013	1,416,806
Social security costs		80,403	71,518
Social security costs relating to pensions		125,542	164,585
Value adjustments			
on formation expenses and on tangible and intangible fixed assets		9,699	43,516
Other operating charges	8	914,117	887,038
Interest payable and similar charges			
concerning affiliated undertakings		85,753	--
Other interest and similar charges	9	16,028,635	20,033,085
Extraordinary charges		2,129,304	--
Tax on profit or loss	12	2,122	4,303
Other taxes not included in the previous caption		24,071	32,716
Profit for the financial year		190,822,139	--
Total		214,827,368	26,215,095
Income			
Net turnover	10	1,573,504	1,653,559
Other operating income		23	8,931
Income from financial fixed assets			
derived from affiliated undertakings	11	210,369,582	7,868,346
Other interests and other financial income			
derived from affiliated undertakings		17,014	255,118
other interest receivable and similar income		2,851,897	1,204,404
Extraordinary income		15,348	35,644
Loss for the financial year		--	15,189,093
Total		214,827,368	26,215,095

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 25 October 1888 with the Luxembourg Registration Office-Company Register number B 6091. The Company’s registered office is established since 1 July 2013 in 3 Boulevard Royal L-2449 Luxembourg (previously 84 Grand-Rue, L-1660 Luxembourg).

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

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

The Company’s financial year begins on 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. According to the article 4 of the law of 30 July 2013, the Board of Directors has decided not to apply the provisions of that law for the preparation of these annual accounts.

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.

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 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) Prepayments

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

f) Non-subordinated debts

Debts are recorded at their nominal value.

g) Net turnover

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

3. Tangible assets

The analysis of the movement of tangible fixed assets for the year ended 31 December 2013 is as follow:

Other fixtures and fittings, tools and equipment and payments on account on fittings	USD
Gross book value - opening balance	68,506
Additions for the year	366,771
Disposals for the year	--
Transfers for the year	--
Gross book value - closing balance	435,277
Accumulated value adjustment - opening balance	(44,224)
Allocations for the year	(43,516)
Reversals for the year	--
Transfers for the year	--
Accumulated value adjustment - closing balance	(87,740)
Net book value - closing balance	347,537
Net book value - opening balance	24,282

4. Financial fixed assets

In July 2013, the Company subscribed 398 new class Q shares of Quilvest Wealth Management S.A. for an acquisition amount of EUR 1,326,200 (USD 1,732,630). The total participation cost of Quilvest Wealth Management S.A. amounts to EUR 181,390,089 (USD 232,035,042).

The Company sold during October and November 2013, 24,392 shares of Quilvest & Partners S.A. for an amount of USD 24,392. The total participation cost of Quilvest & Partners S.A. amounts to USD 969,548.

The analysis of the movement in financial assets for the year ended 31 December 2013 is as follow:

USD	Shares	Loans	Total
Gross book value - opening balance	547,558,583	202,018,127	749,576,710
Additions for the year	1,732,630	13,700,000	15,432,630
Disposals for the year	(24,392)	(15,519,773)	(15,544,165)
Transfers for the year	--	--	--
Gross book value - closing balance	549,266,821	200,198,354	749,465,175
Accumulated value adjustment - opening balance	--	--	--
Allocations for the year	--	--	--
Reversals for the year	--	--	--
Transfers for the year	--	--	--
Accumulated value adjustment - closing balance	--	--	--
Net book value - closing balance	549,266,821	200,198,354	749,465,175
Net book value - opening balance	547,558,583	202,018,127	749,576,710

4.1 Shares in affiliated undertakings

Name of undertaking	Registered office	Purchase price (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	969,458	80
Quilvest Wealth Management S.A.	7, rue Thomas Edison, L-1445 Strassen	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 Loans to affiliated undertakings

Amounts owed by affiliated undertakings are mainly made of two non-interest bearing loans of up to EUR 100,000,000 and USD 300,000,000 between the Company and Quilvest Europe S.A. for a 60 year period maturing on 17 December 2070. As at 31 December 2013, the balance is EUR 12,751,014 (USD 16,467,904) (in 2012: EUR 19,651,014 (USD 25,770,468)) and of USD 183,730,450 (in 2012: USD 176,247,659) respectively.

5. Capital and reserves

Subscribed capital

As of 31 December 2013, 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.

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.

Reserve for own shares

The Company purchased, during the year 2013, 4,865 own shares for an amount of USD 502,510 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" for the same amount.

During the year 2013, the Company's direct or indirect subsidiaries acquired 5,085 (2012: 2,864) additional treasury shares for a total amount of USD 526,637 (2012: USD 600,272) and sold no treasury share (2012: nil).

As at 31 December 2013, 42,713 Quilvest shares are held (in 2012: 37,628), of which 35,348 (in 2012: 35,128) shares by the subsidiaries of the Company and 7,365 (in 2012: 2,500) shares by the Company.

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

The movements for the year are as follows:

USD	Legal reserve	Reserve for own shares	Profit or loss brought forward
As at 31 December 2012	4,498,963	277,500	178,088,311
Movements for the year:			
2012 result brought forward	--	--	190,822,139
Allocation to reserve for own shares	--	502,510	(502,510)
Dividends distribution	--	--	(6,650,875)
As at 31 December 2013	4,498,963	780,010	361,757,065

6. Non-subordinated debts

Non-convertible loans

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

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

The accrued interest as at 31 December 2013 amounts to EUR 756,164 (USD 1,042,683) (2012: EUR 756,164 (USD 998,957)).

7. Staff costs

As at 31 December 2013, the average full time working employees were 5 (in 2012: 4).

8. Remuneration of the Board of Directors

The emoluments granted to members of the Board of Directors in the amount of USD 847,847 (in 2012: USD 909,608) 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 EUR 12,000,000 (USD 15,987,843) (in 2012: EUR 12,000,000 (USD 15,250,395)) in relation to the senior bond financial liability, the interest expense of USD 816,778 (in 2012: EUR 449,507 (USD 580,962)) in relation to banks credit lines and realized and unrealized exchange losses of USD 3,227,971 (in 2012: USD 196,123).

10. Net turnover

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

USD	2012	2013
Categories of activities		
Administrative services	1,000,000	1,201,047
Consultancy services	533,904	320,484
Rental income	12,821	111,543
Reinvoicing fees	26,778	20,485
	1,573,504	1,653,559
Geographical markets		
Luxembourg	1,060,193	1,355,509
France	127,968	0
Spain	29,406	27,095
Switzerland	355,936	270,955
	1,573,504	1,653,559

The majority of those services are rendered to affiliated undertakings.

11. Income from financial fixed assets derived from affiliated undertakings

The income is entirely derived from a dividend received from Quilvest Europe S.A. for 2013 and 2012.

12. Taxation

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

13. Off-balance sheet commitments

As of 31 December 2013, the Company issued two letters of guarantee in favour of a bank for a credit line of USD 14,000,000 committed to a fund dedicated to Quilvest's Employees and sponsored by the Company and for another credit line of EUR 8,000,000 committed to Quilvest & Partners SA.

Furthermore, the Company issued a letter of guarantee in favour of a bank for a loan note instrument of USD 50,000,000, committed to guarantee reimbursement of the notes issued by QS Money Market Inc. and subscribed by investors.

At least, the Company issued a letter of guarantee in favour of a bank for an amount of CHF 1,500,000, committed to guarantee the payment of the partial loan the bank has granted to an affiliated undertaking.

Earnings and allocation

Proposal	USD
Loss for the financial year	(15,189,093)
Share premium	--
Total proposed allocation	(15,189,093)

Proposed allocation and distribution	USD
Loss brought forward	(15,189,093)
Gross dividend payment	(8,309,856)
Total proposed allocation	(23,498,949)

The Board of Directors proposed the payment of a dividend for the year ended 31 December 2013 of USD 1.25 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 802,000 will be proposed for the year 2013.

Notes



3, Boulevard Royal
L-2449 Luxembourg
R.C.S.L. : B 6091
Tel. : (352) 47 38 85
Fax : (352) 22 60 56
www.quilvest.com
quilvestgroup@quilvest.com

