



Annual Report
2012



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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	11
Group Highlights	15
Corporate Governance	27

Financial Section

Part Two

Directors' Report	34
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. Since the spin-off of the industrial activities in 1991, it has solely focused on managing financial assets with a Swiss wealth management institution established in 1932, a private bank in France established in 1917 and a private bank 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 (since October 2012)
Peter Bemberg (until October 2012)

Vice-Chairman

F. Michel Abouchalache
Christian Baillet (until October 2012)

Directors

François de Carbonnel (until June 2012)
Peter Bemberg (since October 2012)
Serge de Ganay
André Elvinger
François Manset
Ramon de Oliveira-Cezar
Stanislas Poniatowski
Alvaro Sainz de Vicuña
International Advisory Services

Audit Committee

François Manset, President
Christian Baillet
François de Carbonnel (until June 2012)

Remuneration Committee

Serge de Ganay, President
F. Michel Abouchalache
Christian Baillet
Alvaro Sainz de Vicuña

Strategic Committee

Peter Bemberg, President
F. Michel Abouchalache
Christian Baillet
François de Carbonnel (until June 2012)
Serge de Ganay
François Manset
Ramon de Oliveira-Cezar
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

Since October 2012, the Board of Directors has elected me as Chairman of your Group. It is a great honor to succeed to Peter Bemberg, who has chaired the Group during the recent difficult years of the financial crisis. During that time he has shown determination and a lot of wisdom and we should thank him for his efforts and his commitment to protect the interests of our shareholders.

In 2012, Quilvest has confirmed its recovery with a positive net asset value of close to 3 %. The net asset value is the real measurement of the performance of the Group and if in absolute terms we are below our long term target of 8 to 10 %, it is a reasonable performance in relative terms in those still difficult times.

In the Wealth Management business, our assets under management have continued to grow to reach USD 18 billion and the consolidation of our 3 banks starts to provide synergies. Within that field of Wealth Management, our Family Office business continues to be a unique proposal where our legitimacy has been built over decades.

In the Private Equity business where most of our assets are invested, the depth of our clients' spectrum continues to increase with more international diversification and an amount with now above USD 4 billion. Our fund strategy starts to pay off significantly with nice returns, while the direct portfolio resisted in the difficult environment, especially in Europe with flat performance.

I must outline the strong commitment of the employees, the managers and the board members, who have continued to deploy energy and dedication to defend the interests of Quilvest, its shareholders and its clients.

I take that opportunity to welcome Bob Kneip as new member of our Board, who is a very successful industrialist in Luxembourg and we believe that such a talent of entrepreneurship is a key ingredient to have a contributing and effective board interfacing with the management.

Finally, I am convinced that in 2013 we should consolidate the good indicator signs which are already present and we will prove that our cautious strategy does pay off over the long term.

Luxembourg, 26 April 2013

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

Christian Baillet

Chief Executive Officer's Statement

Most major financial markets recovered in 2012, especially in the latter half of the year, with the positive trend continuing through the first quarter of 2013. Europe's severe, fundamental and structural headwinds persisted but systemic risk, according to many experts and market observers, has diminished. In this relatively improving yet still volatile and edgy environment, Quilvest continued to consolidate its position in both of its core businesses. During the crisis and since 2009, Quilvest showed relative resilience and planted the seeds of its new strategy. This strategy is now paying off and 2012 was yet another year during which positive and encouraging results were measurable. As much as last year, I remain very confident and believe that more tangible and significant results will be achieved in 2013.

Net Asset Value ("NAV") increased in 2012 by approximately 3%. While below our long term objective, the positive figure demonstrates a solid upward trend. For 2013 and going forward, we believe NAV growth will approach or exceed double-digit levels. The quality of our portfolio and our operating businesses allow for optimism. Both of our core businesses were profitable last year and the Group assets under management ("AUM") grew from USD 18 billion to USD 22 billion, a 22% year over year increase. Group liquidity improved with better than expected distributions and with an increase in our credit lines.

For 2013 and going forward we believe NAV growth will approach or exceed double-digit levels

Quilvest Wealth Management ("QWM") had a very strong year marked by record profitability at CBP Quilvest and the opening of the Geneva office. Assets under management and under custody increased by USD 3.1 billion. Synergies between the three entities and the five offices progressed well in all of our back, middle and front operations. Several senior client relationship managers were recruited, and traction in markets such as Asia and the Middle East has become tangible. Only Quilvest Banque Privée, our bank in France, continued to be challenged - the private banking and wealth management markets in France remain very difficult, mainly due to the macro environment. Management has taken the necessary steps to address those challenges and we expect to see a turnaround on a pro-forma basis in 2013.

Quilvest Private Equity had an excellent year with record funds raised

Quilvest Private Equity had an excellent year with record funds raised. Three of its programs closed at above expected levels. Approximately USD 120 million was distributed from direct investments including proceeds from the exits of Farley's and Sathers (QS Candy), Paprec (QS Recycling), Facebook (QS Social Network), and Chop't (QS Salad) as well as the recapitali-

zations of Command Alkon (QS Concrete) and Pay-O-Matic (QS Cash). The QS PEP programs, entering their 11th vintage, generated record distributions and showed a double-digit return on NAV over the year. All of the QS PEP vintages have positive net cash on cash returns and net IRRs, indeed 10 out of 11 are expected to deliver double-digit net returns. This performance over the past 10 years is yet another reminder of the excellence of these flagship programs. Based on this success, we are launching a new generation of QS PEP programs: QS PEP Core. The first vintage will already be active and investing in 2013. 2012 was also marked by the closing of QS REP 2, our second generation real estate fund of funds program. The program was very well received and closed with investor commitments exceeding targets. Quilvest Private Equity is now in the process of launching a Small Business Administration ("SBA") program, for which we have submitted our application and which we hope to close in mid-2013. We are very excited about all of these programs which are strategically positioned to take advantage of what we believe will be great private equity and real estate markets over the medium term.

Last year was also a very active investment year

Last year was also a very active investment year. We committed to 24 different funds across QS PEP 2012, QS GEO PEP 1 & 2 and QS REP 1 & 2, with regional diversification across the United States, Europe, Asia, Latin America,

Canada and Africa. We strongly believe that with our abilities to cherry pick among the best managers globally, to diversify geographically and to invest opportunistically, we give our programs unique prospects of generating superior returns. We are today active on the five continents including Africa. 2012 was also an active year in direct investments. We acquired Acrotec (QS Watch), a leading manufacturer of watch components in Switzerland. We completed 6 co-investments in the United States and in Germany for QS Direct: Conflex, Thermasys, Whole-some Sweeteners, PF Chang's, Deltek and the Chia Company. We also closed on our first QS Properties or real estate co-investment in Peru in a residential development project.

2013 started very strongly with QWM continuing to expand its client base and its assets under management and under custody, and with our private equity and real estate portfolio continuing to show good progress. Our investment pace remains strong with 4 co-investments approved for QS Direct in the United Kingdom, the United States, pan-Europe and Brazil. Two real estate co-investments were also approved, and we have made further commitments to 5 private equity funds and 1 real estate fund over Q1 2013.

2013 started very strongly with QWM continuing to expand its clients base and its assets under management and under custody

With our capabilities confirmed and our businesses now firing on all cylinders, we see the Group and program performance starting to reflect these strengths. I continue to be a strong believer in our principal approach, in our disciplined investment process and in our professionals. 2013 will be my 5th year as Chief Executive Officer of your Group. I look forward to it being the first year in which we see the full fruits of our new strategy and of our ever growing and strengthening capabilities.

Luxembourg, 26 April 2013



F. Michel Abouchalache

Group CEO

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, 26 April 2013



F. Michel Abouchalache

Group CEO



Group Highlights

Group Highlights

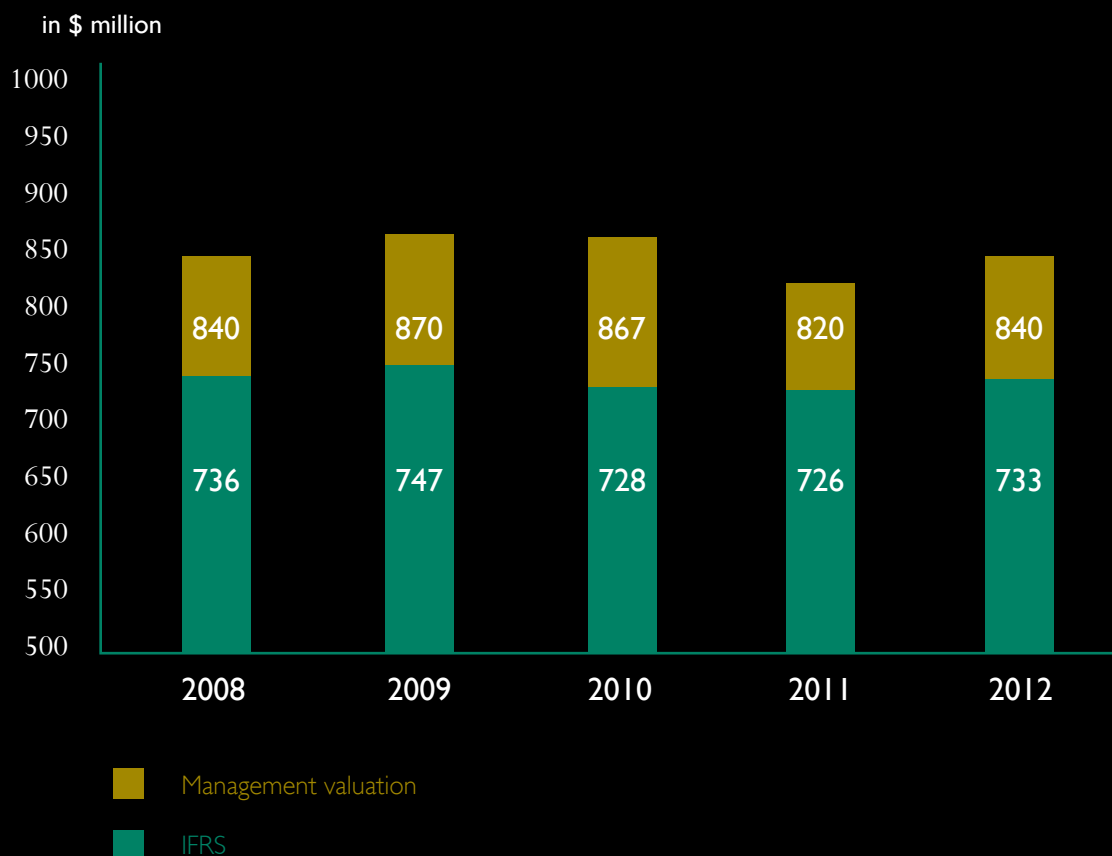
In \$ million	2011	2012
Total assets (IFRS)	2,399.6	3,307.2
Total liabilities (IFRS)	1,573.8	2,450.6
Group equity - shareholders of the parent (IFRS)	726.1	732.8
Restatement of goodwill Wealth Management	20.3	26.8
Restatement of goodwill Private Equity	39.5	45.8
Accounting policy differences	34.5	34.4
Net asset value (Management valuation)	820.4	839.8
Group net result (IFRS)	(25.3)	(0.1)

In \$	2011	2012
Group net basic earnings per share (IFRS)	(3.8)	(0.0)
Group net asset value per share (IFRS)	109.1	110.1
Net asset value per share (Management valuation)	123.3	126.1
Total shares issued as of reporting date	6,656,000	6,656,000

“Net asset value (Management valuation)” differs from “Group equity (IFRS)” on the following points mainly: Management valuation includes a restatement of goodwill arising on Quilvest Switzerland, Quilvest Banque Privée, CBP Quilvest and Quilvest Private Equity 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

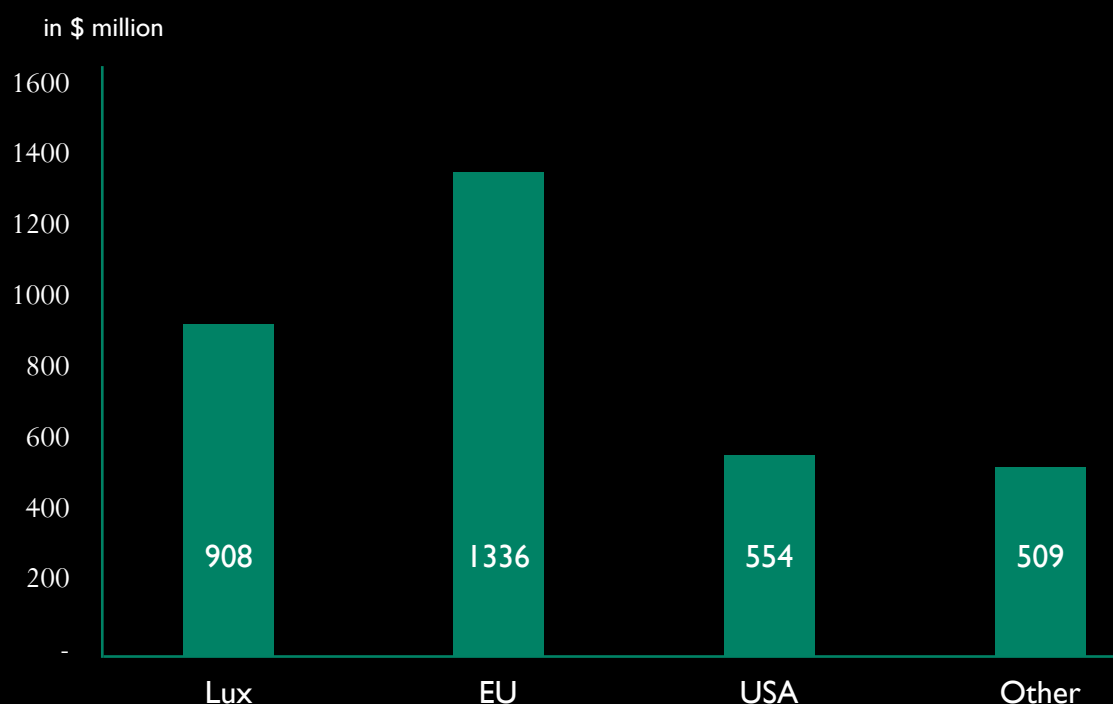
Group Net Asset Value (in \$ million) (based on management valuation)



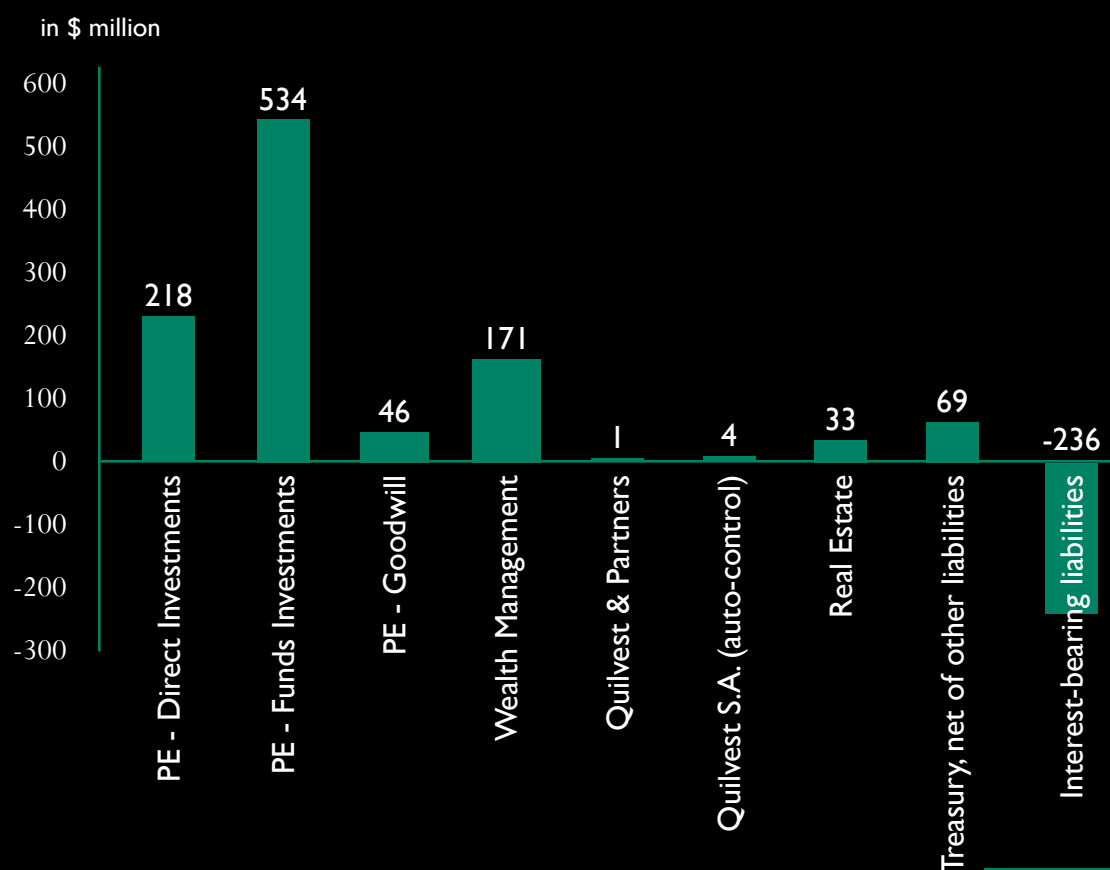
NAV per share - five years evolution

in USD	2008	2009	2010	2011	2012
NAV/share - Management valuation	126.2	130.7	130.3	123.3	126.1
NAV/share - IFRS (in \$)	110.6	112.2	109.4	109.1	110.1

Geographical distribution of Assets



Distribution by business of Net Asset Value



Private Equity

List of Largest Direct Investments

- Non-controlled private equity portfolio

(\$ million)	Region	Investment date	Management valuation
Command Alkon	USA	2005	22.6
Algeco/Scotsman	Benelux	2005	19.1
Intarcia	USA	2007	8.5
Pay-o-Matic	USA	2008	8.5
MACS	USA	2010	7.4
Multiplan	USA	2010	5.2
Neotract	USA	2009	4.5
Radiation Therapy Services	USA	2008	4.1
OSI	USA	2007	3.8
5 à Sec	France	2008	3.2
Azulev	Spain	1999	2.9
E-Pak	Asia	2001	2.9
Mathews	USA	2011	2.8
Thermasys API	USA	2012	2.6
Nocibé	France	2006	2.6
Wholesome Sweeteners	USA	2012	2.6
Mexican Grill	UK	2011	2.5
Performance Food Group	USA	2008	2.2
PF Chang's	USA	2012	2.1
Intrinsic Therapeutics	France	2007	2.1
Comess	Spain	2000	2.1
Net 4 - Pipetel	Asia	2010	2.0
Delteck	USA	2012	2.0
Kismet (SKS)	India	2007	1.9
Findis	France	2011	1.8
iGPS	USA	2007	1.7
Schur (ex Conflex)	Germany	2011	1.6
Farley's & Sathers (deferred proceeds)	USA	2002	1.6
Del Monte	USA	2011	1.3
Tiendas 3 B	Mexico	2011	1.3
Vanksen	Luxembourg	2011	1.2
The Chia Company	Australia	2012	1.0
Myriad Group	Switzerland	2003	0.9
China Education	Asia	2007	0.5
Tiway	Ukraine	2010	0.5
Other direct investments			1.4
Total non-controlled private equity portfolio			135.0

- Controlled private equity portfolio

(\$ million)	Region	Investment date	Management valuation
Yo! Sushi	UK	2008	49.3
Anthony's Pizza	USA	2011	10.6
Acrotec	Switzerland	2012	9.4
ST Products	USA	2011	8.1
Hill & Valley	USA	2005	5.0
Total controlled private equity portfolio			82.4
Total direct private equity investments			217.4

List of Largest Funds Investments

- Third-party funds portfolio

(\$ million)	Region	Investment date	Management valuation
MCH Iberian Capital Fund II	Spain	2005	17.8
MCH Iberian Capital Fund III	Spain	2005	9.7
Synergia	Italy	2005	9.7
Navis Asia Fund III	Asia	2003	6.8
Actoline 2 FCPR	France	2007	5.7
Bain Capital Europe Fund III	USA / Europe	2002	3.0
Acto FCPR (ex Finama)	France	2002	2.5
Bain Capital Fund X	USA / Asia	2002	2.4
Catterton Partners V	USA	2004	2.2
TA Atlantic & Pacific VI	USA	2008	2.1
TPG Partners VI	USA	2008	1.5
GS PEP 2000 Offshore	USA	2000	1.3
Advanced Technology Ventures VII	USA	2001	1.3
Blackstreet Capital Partners	USA	2004	1.0
Weinberg Capital	USA	2006	0.9
Développement et Partenariat IV	France	2006	0.8
Chase Capital Partners	USA	2000	0.7
Sun Capital Securities	USA	2004	0.7
Sterling Capital Partners	USA	2003	0.6
GS Vintage II	USA	2000	0.6
GS PEP Technology Fund 2000	USA	2000	0.6
H.I.G. Investment Group II	Asia	2002	0.5
Bain Capital Fund VII	UK	2002	0.5
Navis Asia Fund IV	Asia	2004	0.5
GS Capital Partners 2000	USA	2000	0.5
Other third-party funds			1.6
Total third-party funds portfolio			75.5

• Fund of funds portfolio

(\$ million)	Investment date	Management valuation
QS PEP 2002	2002	13.2
QOL PEP 2003	2003	19.7
QOL PEP 2004	2004	25.9
QOL PEP 2005	2005	42.9
QPE PEP 2006	2006	49.8
QPE PEP 2007	2007	61.0
QPE PEP 2008	2008	56.5
QPE PEP 2009	2009	30.8
QPE PEP 2010	2010	22.3
QPE PEP 2011	2011	22.1
QPE PEP 2012	2012	2.0
QS GEO PEP	2007	29.7
QS GEO PEP 2	2011	18.3
QS REP	2009	38.5
QS REP 2	2012	2.6
Quilvest Ventures 2	2007	17.9
Quilvest Energies	2010	5.7
Total fund of funds portfolio		458.7
Total funds investments		534.4
Goodwill		45.8

Compared with the consolidated financial statements, third-party funds of USD 43.4 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

(\$ million)	Management valuation
Quilvest Wealth Management	171.2
Quilvest & Partners	1.4
Quilvest S.A. (auto-control)	4.1
Real Estate	32.5
Treasury portfolio (net of debt)	(167.0)
Total Strategic & Treasury portfolio	42.2

Capital & Net debt management

The Group is not subject to capital constraints.

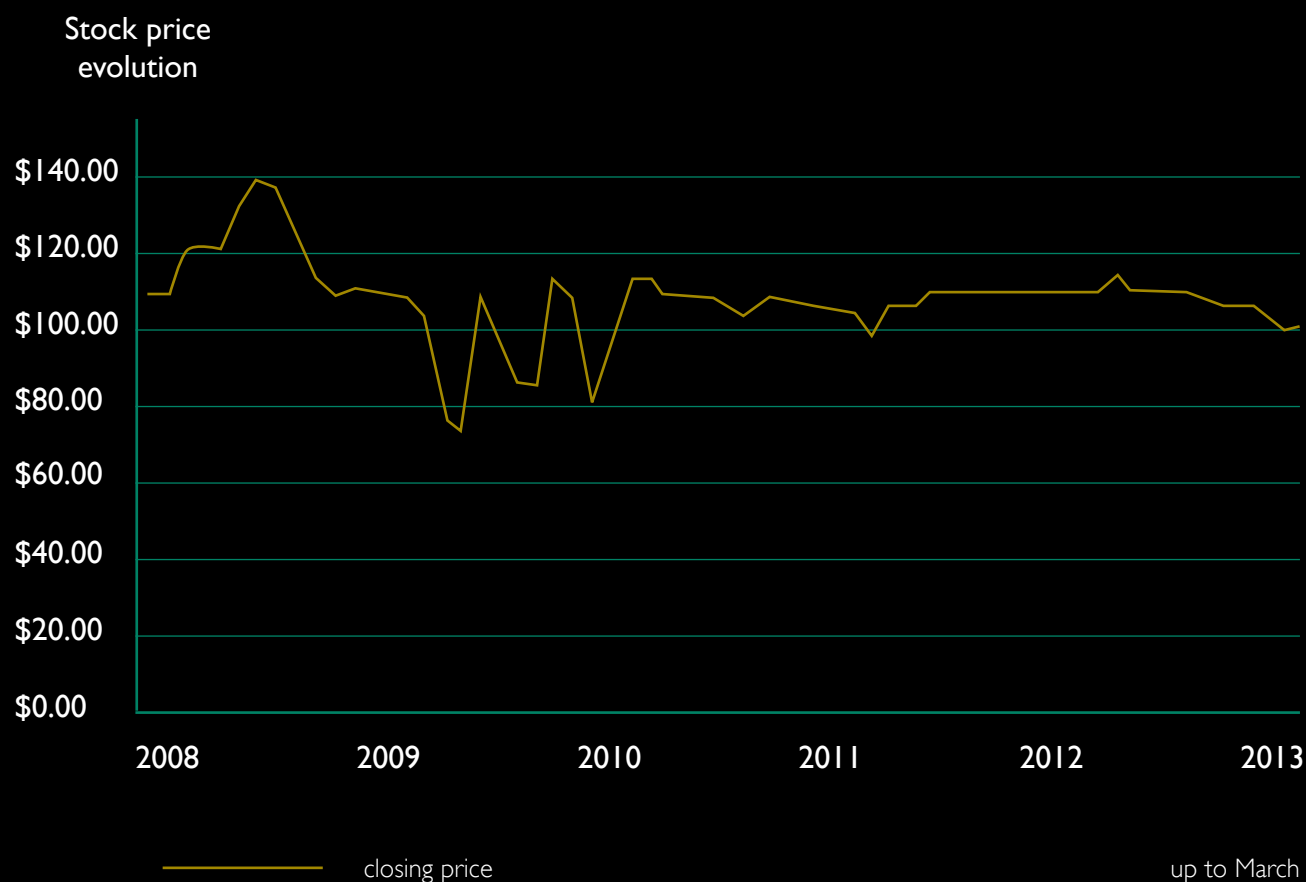
Each credit institution of the Group (together the “QWM Group”) is subject to capital adequacy requirements by its respective supervisory authority. During the year ended 31 December 2012, no breach was reported.

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 2012, the capital adequacy ratio of the QWM Group was as follows:

(\$ million)	QWM Group
Regulatory capital	99.0
Capital required for credit risks	34.2
Capital required for market risks	--
Capital required for operational risks	11.7
Capital required for other risks	1.8
Total capital charge	47.7
Capital adequacy ratio 2012	16.6%

Stock price evolution



During the year 2012, the group acquired 5,364 shares of Quilvest S.A. for a total amount of USD 0.6 million (see Note 22 to the consolidated financial statements). This represents an average of 447 shares bought per month (approximately 21 transactions per month on average), with a maximum of 2,500 bought in May and a minimum of 88 bought in July. The Group did not sell any shares in 2012.



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; the next assessment is planned for the year 2013. The evaluation process included 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.

Quilvest does not follow the Recommendation 8.6, which states that the Remuneration committee should be composed exclusively of non-executive directors, as the Group CEO is a member. However, Quilvest follows the Recommendation 8.11, which states that individuals should not be involved in decisions regarding their own remuneration.

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) (since October 2012)
- Peter Bemberg, Chairman of the Board of Directors (until October 2012)
- F. Michel Abouchalache, Chief Executive Officer and Vice-Chairman of the Board of Directors
- François de Carbonel (until June 2012)
- Peter Bemberg (since October 2012)
- Christian Baillet (until October 2012)
- Serge de Ganay
- André Elvinger (Independent Director)
- François Manset
- Ramon de Oliveira-Cezar (Independent Director)
- Stanislas Poniatowski
- Alvaro Sainz de Vicuña
- 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 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 2012. The attendance rate at the meetings was 84% in average.

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 Executive Management, prior to their examination by the Board of Directors;
- Reviews and challenges the critical and significant accounting policies and disclosure of any unusual transactions;
- Reviews the findings and financial adjustments, and appraises the management letter of the external auditors;
- Conducts the process for the selection of the Group 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)
- François de Carbonnel (Independent Director until June 2012)

The Audit Committee met four times in 2012. The attendance rate was of at least of 75%. Group auditors were present three times out of four. 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 specific committee early March 2013 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 2012, specific highlights covered the prospective update of the Governance Principle of the Luxembourg Stock exchange, the IFRS changes and new regulations 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 joined the Remuneration Committee in June 2011 and Serge de Ganay became President. The Remuneration Committee met twice in 2012 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 a year 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 2012, 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 2012, the Group's direct or indirect subsidiaries acquired 5,364 (2011: 4,591) additional treasury shares for a total amount of USD 600,272 (2011: USD 501,400) and sold no treasury share (2011: nil). As of 31 December 2012, the Company owned 37,628 treasury shares (2011: 32,264)

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 2012, three 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% and Quilvest Strategic Fund S.C.A. SIF declared holding 6.14%.

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

During the financial year, the key external risks surrounding the Group were influenced by the ongoing uncertain macroeconomic environment, especially in Europe. Given the lack of visibility, investors' confidence remains fragile, especially in the context of below average economic growth combined with the implementation of deficit reduction programs and uncertainties of sovereign debt refinancing in most western countries.

These uncertainties translate into a series of risks for our Private Equity and Wealth Management markets:

- Fundraising is highly challenging as investors have shown a preference for very liquid assets and their appetite for risks has significantly decreased whilst competition amongst Private Equity firms and selectivity of investors have increased.
- The Group's investments are affected to various extent by the adverse economic situation. This implies a higher volatility in the business operations and results as well as valuations.
- The number of transactions remains relatively low compared with industry historical records, explaining high prices and lengthening of the investment lifecycle.
- 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 will introduce 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

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

- Position of the business including the Net Asset Value of the Group at the end of the year (“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

From a macroeconomic perspective, 2012 was another challenging year. While the first quarter of the year saw a tangible pick up in all of our activities, the second quarter witnessed a slow down on all fronts. This was driven by highly volatile global capital markets during the later half of the semester. In the second semester, financial markets moved upwards to get back to levels reached at the beginning of the year.

In this context, the fundamentals of the Group are trending upward and we are pleased to report positive growth of the Group Net Asset Value (“NAV”) and significant improvement in the Group’s results for 2012. We continue to be encouraged by our Group’s ability to adapt to difficult markets and by the improving fundamentals in both our core businesses.

Our Wealth Management units reported sustained growth in assets under management, confirming the positive trend from 2011. Overall, Quilvest Wealth Management closed the year ahead of budget and significantly above last year’s performance as the merger from 2011 now delivers tangible synergies and real momentum despite continued headwinds in some markets.

On the Private Equity side, we remained very active. We met our fund raising objectives for the year which proves again the attractiveness of Quilvest products in a difficult context. Two new investments were consolidated this year, Anthony’s Coal Fired Pizza (U.S.A.) and Acrotec (Switzerland), both delivering value in accordance with our expectations since their incorporation in our Group. We successfully completed two rounds of refinancing for Command Alkon, as well as the acquisition of National Copper by ST Products.

We also concluded two major exits, Farley’s & Sathers in July and Paprec in November.

The pipeline of opportunities was strong for funds and less for direct investments. As macro conditions continue to improve in the United States and stabilize in most emerging markets, we expect the direct pipeline to pick up in volume and quality, translating into a more healthy level of activity in Q1 2013. The co-investments pipeline however remained robust throughout the year and is expected to be sustained for the near future.

Financial review

At 31 December 2012, total assets stands at USD 3.3 billion as compared with USD 2.4 billion in 2011. The result of the period is a loss of USD 2.7 million, of which a Group share of USD 0.1 million.

The main events of the year 2012 are:

On the Private Equity side, the completion of the acquisition of two controlled Private Equity investments.

First, the acquisition of the Anthony's Coal Fired Pizza Group was finalized in January 2012 for a total amount of USD 59.2 million (of which a Group share of USD 11.8 million) and resulted in a goodwill of USD 8.0 million. Anthony's Coal Fired Pizza operates casual dining restaurants serving a focused menu featuring coal-fired pizzas across the United States of America.

The acquisition of Anthony's Coal Fired Pizza Group was finalized in January 2012

Secondly, Quilvest led the acquisition of the Acrotec Group, an independent group created by industry-professionals with the purpose of providing all watch brands and manufacturers quality products complying with the label "Swiss Made". The transaction was closed for a total amount of UDS 32.3 million (of which a Group share of USD 6.7 million) and resulted in goodwill of USD 5.6 million.

In the first semester of 2012, the Group accounted for the write-off of the JDI Fashion Group, resulting in a loss of USD 11.1 million, including the write-down of the remainder of the goodwill and loans receivables.

On the Wealth Management side, assets under management continued to grow dynamically and operations contributed positively to the Group result as the integration of our three banks now delivers its full benefits.

The main components in the balance sheet are:

- Intangible assets, which increased from USD 151.2 million to USD 166.6 million under the effect of the goodwill and intangible assets recognized / de-recognized on the above-mentioned transactions. Likewise, tangible assets increased from USD 76.8 million to USD 131.6 million;
- Investments increased from USD 1,125.8 million to USD 1,222.8 million. This was primarily driven by the net increase in "available-for-sale" portfolio of USD 110.3 million. Financial assets at fair value through profit or loss decreased from USD 913.2 million to USD 900.5 million under the effect of positive change in value for USD 41.0 million, net disposals and transfers of USD 58.6 million, and favorable foreign exchange impact of USD 4.9 million.

In June 2012, Quilvest led the acquisition of the Acrotec Group

- On the wealth management side, amounts owed from banks and bank customers and deposits from banks and bank customers grew significantly at USD 773.7 million and USD 1,875.2 million as compared with USD 527.2 million and USD 1,131.7 million respectively, under the effect of the acquisition of new customers;
- Interest-bearing liabilities increased from USD 303.4 million to USD 390.8 million. This is mainly due to the financing facilities of the newly consolidated Private Equity investments for USD 54.1 million.

- Excluding non-controlling interests, the net equity remained stable at USD 732.8 million (compared to USD 726.1 million in 2011). The change in non-controlling interests from USD 99.7 million to USD 123.8 million is mainly resulting from the business combinations Anthony's Coal Fired Pizza and Acrotec groups as well as contributions from third-party investors in several direct deals realized during the period.

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

- Net income from private equity portfolio amounted to USD 89.1 million (2011: USD 48.7 million). Re-valuation of financial assets contributed for USD 40.6 million in the total (2011: USD 27.9 million). Fee income amounted to USD 20.2 million (2011: USD 12.6 million) as the assets managed and the product offering continued to expand. Finally, net income from controlled private equity investments reached USD 31.2 million, a significant increase as compared to 2011 (USD 6.6 million), as our “historical” investments continued to grow and the acquisitions from 2012 contributed positively to the Group’s results.
- Net income from wealth management portfolio developed positively at USD 90.3 million as compared with USD 61.1 million at 31 December 2011. This represents a 48% growth year-on-year, as CBP Quilvest was consolidated for the entire period (only 7 months in 2011) and all banking entities managed to earn more revenue in 2012, both from installed base customers and newly acquired assets under management.
- General administrative expenses increased to USD 129.9 million from USD 120.2 million. This is primarily due to the scope effect of the inclusion of CBP Quilvest.

Finally, the operating result for 2012 is a profit of USD 26.5 million (2011: loss of USD 25.3 million), and the net result for the year is a loss of USD 2.7 million (2011: loss of USD 33.1 million), of which Group share of USD 0.1 million (2011 : USD 25.3 million).

From a cash flow statement perspective, cash and cash equivalents significantly improved at USD 845.0 million (2011: USD 403.7 million). This is primarily driven by net operating cash flows linked to the Wealth Management portfolio totaling USD 370.5 million (2011: 357,283) (including investments-related cash flows), whereas net operating cash flows linked to the Private Equity portfolio at fair value amounted to USD 66.9 million (2011: USD 17.5 million).

Net cash provided by financing activities amounted to USD 152.0 million (2011: USD 39.5 million), of which proceeds from the LTRO program in Wealth Management. In Private Equity, proceeds related to the acquisitions of newly consolidated Private Equity investments amounted to USD 38.9 million, compensated by net contributions from investors to USD 24.0 million.

Results and dividends

The consolidated net result attributable to the shareholders of the Group is a loss of USD 123,638 (2011: USD 25,313,146)

The statutory result of Quilvest S.A. for the year is a profit of USD 190,822,139 (loss of USD 21,727,786 in 2011)

A dividend of USD 1.0 per share will be proposed for distribution at the annual general meeting to be held on 14 June 2013.

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 2012, three companies declared to hold more than 5% of the voting rights of the Group. Arconas Holding Limited declared the holding of 15.86% of the voting rights, Lagel Limited declared the holding of 6.19% of the voting rights and Quilvest Strategic Fund SCA SIF declared the holding of 6.14% of the voting rights.

Capital structure and corporate governance

Details of the capital structure of the Company and details on the share capital and process for changes in share capital subscribed and authorized can be found in the Corporate governance sections of this report ;

All securities are admitted to trading on the regulated market of the Luxembourg stock exchange;

There are no other restrictions to the transfer of shares to disclose other than those described in the section “Ownership threshold” of the Corporate Governance report;

The major shareholders are disclosed in the section “Major shareholders” of the Corporate Governance report;

There is no holder of any securities with special control rights;

There is no employee share scheme at the level of 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 14 June 2013.

Approval

This report was approved by the Board of Directors on 26 April 2013.

Christian Baillet

Chairman of the Board of Directors



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 15 June 2012, 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 2012 and the consolidated statements of income, 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 ev-

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of QUILVEST Group as of 31 December 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

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

Luxembourg, 26 April 2013

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.

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Consolidated Statement of Financial Position

For the financial years ended 31 December

In \$ '000	Notes	2011 (as reclassified) (Note 2.1)	2012
Assets			
Cash and cash equivalents	8	403,737	844,954
Amounts owed from banks and bank customers	9	527,164	773,749
Financial assets	10		
- designated at fair value through profit and loss		913,156	900,544
- available for sale		198,641	308,953
- held for trading		14,041	13,322
Property, plant and equipment	11	76,779	131,569
Investment property	12	7,969	8,286
Intangible assets	13	151,245	166,565
Investment in an associate	14	731	911
Deferred tax assets	15	12,680	8,512
Other assets	16	93,474	149,854
Total assets		2,399,617	3,307,219
Liabilities and equity			
Amounts due to banks and bank customers	17	1,131,744	1,875,172
Financial liabilities			
- held for trading	10	24,053	20,967
- interest-bearing liabilities	18	303,409	390,793
Employee benefit obligations	19	664	1,250
Provisions	20	2,125	967
Deferred tax liabilities	15	24,865	29,163
Other liabilities	21	86,951	132,295
Total liabilities		1,573,811	2,450,607
Share capital		44,990	44,990
Share premium		110,248	110,248
Treasury shares		(3,188)	(3,786)
Reserves		7,335	14,779
Retained earnings		592,005	566,692
Profit/(Loss) for the year – Shareholders of the parent company		(25,313)	(124)
Total equity attributable to shareholders of the parent company		726,078	732,799
Non-controlling interests		99,727	123,813
Total equity		825,806	856,612
Total liabilities and equity		2,399,617	3,307,219

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

Consolidated Income Statement

For the financial years ended 31 December

in \$ '000	Notes	2011 (as reclassified) (Note 2.1)			2012		
		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		27,282	--	27,282	40,571	--	40,571
Dividend income		283	--	283	1,950	--	1,950
Interest income, net		755	--	755	88	--	88
Fee income, net		12,603	--	12,603	20,193	--	20,193
Carried interest income / (expense), net		1,180	--	1,180	(4,896)	--	(4,896)
Net income from controlled private equity portfolio	5	--	6,608	6,608	--	31,228	31,228
Total – private equity portfolio		42,103	6,608	48,711	57,906	31,228	89,134
Net income from wealth management portfolio	6						
Gains/(losses) on financial assets, net		(7,908)	--	(7,908)	8,184	--	8,184
Dividend income		1,433	--	1,433	873	--	873
Interest income, net		12,456	--	12,456	16,755	--	16,755
Fee and commission income, net		54,794	--	54,794	63,557	--	63,557
Other revenues, net		340	--	340	926	--	926
Total – wealth management portfolio		61,115	--	61,115	90,295	--	90,295
Other operating income, net	26	3,047	--	3,047	4,191	--	4,191
General administrative expenses	26	(120,173)	--	(120,173)	(129,889)	--	(129,889)
Depreciation, amortization and impairment losses	11,13	(7,321)	(10,722)	(18,043)	(9,437)	(17,777)	(27,214)
Operating result		(21,229)	(4,114)	(25,343)	13,065	13,451	26,516
Financial costs, net	27	(4,229)	(6,052)	(10,281)	(19,722)	(7,303)	(27,025)
Income from associate	14	105	--	105	201	--	201
Profit/(Loss) before tax		(25,353)	(10,166)	(35,519)	(6,456)	6,148	(308)
Income tax (expense) / credit	15	1,886	558	2,444	(3,017)	652	(2,365)
Profit/(Loss) for the year		(23,468)	(9,608)	(33,075)	(9,473)	6,800	(2,673)
Profit/(Loss) for the year attributable to							
Shareholders of the parent company				(25,313)			(124)
Non-controlling interests				(7,762)			(2,549)

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

Consolidated Statement of Other Comprehensive Income

For the financial years ended 31 December

in \$ '000	Notes	2011	2012
Profit/(Loss) for the year		(33,075)	(2,673)
Gain / (loss) on property revaluation	11	2,603	(112)
Income tax on gain / (loss) on property revaluation	15	(868)	37
Net change in fair value of available-for-sale financial assets	10	(205)	4,866
Net change in fair value of available-for-sale financial assets recycled through profit or loss	10	(2,699)	2,617
Income tax on available-for-sale financial assets	15	902	(2,473)
Foreign currency translation differences		(17,067)	7,139
Other comprehensive income / (loss) for the year		(17,334)	12,074
Total comprehensive income / (loss) for the year		(50,409)	9,401
Total comprehensive income attributable to:			
Shareholders of parent company		(34,640)	6,898
Non-controlling interests		(15,770)	2,503
Earnings per share (in \$)	23		
Basic		(3.8)	(0.0)
Diluted		(3.8)	(0.0)

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

Consolidated Statement of Cash Flows

For the financial years ended 31 December

in \$ '000	Notes	2011	2012
Operating cash flows directly linked to the Private Equity activities			
Acquisition of private equity investments	10	(224,407)	(149,098)
Proceeds from sale of private equity investments	10	229,074	198,722
Dividends received from private equity investments		283	1,782
Interests received from private equity investments		2	--
Fees received, net		14,498	15,225
Carried interest received, net		805	965
Other operating cash movements related to private equity activities, net		(1,983)	225
Operating cash flows directly linked to the Wealth Management activities			
Interest income, net		10,913	15,643
Fee and commission income, net		52,030	52,925
Cash movements in loans and advances to / from banks and bank customers, net	9,17	289,645	391,241
Other cash movements related to the Wealth Management activities		(6,004)	12,672
Other operating cash flow movements			
Cash paid to suppliers and employees		(144,146)	(117,218)
Income taxes paid	15	(1,771)	(1,070)
Net cash from other operating activities		21,489	6,874
Net cash provided by / (used in) operating activities		240,428	428,888
Acquisition of investments	10	(155,313)	(170,581)
Proceeds from sale of investments	10	166,012	68,629
Acquisition of property, plant and equipment	11	(9,613)	(16,214)
Proceeds from disposal of property, plant and equipment	11	36	2
Acquisition of intangible assets	13	(918)	(1,378)
Proceeds from disposal of investment in associates		310	--
Acquisition of subsidiaries, net of cash acquired	7	(48)	(38,965)
Disposal of subsidiaries, net of cash disposed		--	297
Interests received		264	284
Dividends received		700	402
Net cash provided by / (used in) investing activities		1,429	(157,524)
Proceeds from interest-bearing liabilities	18	65,605	183,120
Repayment of interest-bearing liabilities	18	(9,561)	(33,792)
(Decrease)/Increase in short-term financing		78	--
Repurchase of treasury shares		(502)	(598)
Contributions from non-controlling interests		33,072	56,924
Distributions to non-controlling interests		(6,056)	(32,989)
Interests paid		(22,156)	(20,613)
Dividends paid		(20,966)	--
Net cash provided by / (used in) financing activities		39,513	152,052
Net increase / (decrease) in cash and cash equivalents		281,371	423,416
Cash and cash equivalents at the beginning of the year	8	140,040	403,737
Effect of exchange rate fluctuations on cash and cash equivalents held	8	(17,673)	17,801
Cash and cash equivalents at the end of the year	8	403,737	844,954

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

Consolidated Statement of Changes in Equity

For the financial years ended 31 December

in \$ '000	Share Capital	Share Premium	Treasury shares	Reserves	Retained earnings	Total attributable to owners of the parent entity	Non-controlling interests	Total Equity
Balance at 1 January 2012	44,990	110,248	(3,188)	7,336	566,692	726,078	99,727	825,806
Total comprehensive income for the year								
Loss for the year	--	--	--	--	(124)	(124)	(2,549)	(2,673)
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
Foreign currency translation differences	--	--	--	3,774	--	3,774	3,365	7,139
Total comprehensive income for the year	--	--	--	7,022	(124)	6,898	2,503	9,401
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)	14,779	566,568	732,799	123,813	856,612
Balance at 1 January 2011	44,990	110,248	(2,686)	16,662	559,249	728,463	32,735	761,198
Total comprehensive income for the year								
Loss for the year	--	--	--	--	(25,313)	(25,313)	(7,762)	(33,075)
Other comprehensive income								
Gain on property revaluation, net of income tax	--	--	--	1,735	--	1,735	--	1,735
Available-for-sale financial assets, net of income tax	--	--	--	(1,328)	--	(1,328)	(674)	(2,003)
Foreign currency translation differences	--	--	--	(9,733)	--	(9,733)	(7,334)	(17,067)
Total comprehensive income for the year	--	--	--	(9,326)	(25,313)	(34,639)	(15,770)	(50,409)
Transactions with owners, recorded directly in equity								
Repurchase of treasury shares	--	--	(502)	--	--	(502)	--	(502)
Transactions with non-controlling interests	--	--	--	--	53,722	53,722	27,978	81,700
Non-controlling interests acquired in business combinations	--	--	--	--	--	--	44,513	44,513
Contributions from non-controlling interests	--	--	--	--	--	--	16,326	16,326
Distributions to non-controlling interests	--	--	--	--	--	--	(6,056)	(6,056)
Dividends paid	--	--	--	--	(20,966)	(20,966)	--	(20,966)
Total transactions with owners	--	--	(502)	--	32,756	32,254	82,762	115,016
Balance at 31 December 2011	44,990	110,248	(3,188)	7,336	566,692	726,078	99,727	825,806

The accompanying notes form 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 2012 were authorized for issue in accordance with a resolution of the Board of Directors on 26 April 2013. 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 84 Grand-rue, L-1660 Luxembourg. The principal activities of the Group are described in Note 6 - Segment information.

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.

In 2012, the presentation of the consolidated balance sheet and the consolidated income statement was amended to enhance the readability of those consolidated financial statements. Comparative amounts in the consolidated financial statements were reclassified to conform to the current year’s presentation. The reclassifications have been made with no impact on total assets, liabilities, equity, profit/(loss) for the year and total comprehensive income.

Income and expenses from controlled private equity portfolio are presented under a distinct column to better reflect their contribution to the Group’s results. In addition, reclassifications to 2011 reported amounts relate to the consolidated income statement as follows:

in \$ ‘000	2011 as reported	Reclassification in 2012	2011 as reclassified
Net result from directly held investments	37,060	11,651	--
Net income from private equity portfolio	--		48,711
Net result from wealth management portfolio	63,584	(2,469)	--
Net income from wealth management portfolio	--		61,115
Other operating income, net	26,393	(23,346)	3,047
General administrative expenses	(134,403)	14,230	(120,173)
Depreciation, amortization and impairment losses	(18,043)	--	(18,043)
Operating result	(25,410)	68	(25,343)
Financial costs, net	(10,213)	(68)	(10,281)
Income from associate	105	--	105
Profit / (loss) before tax	(35,519)	--	(35,519)
Income tax expenses	2,444	--	2,444
Profit / (loss) for the year	(33,075)	--	(33,075)

The 'net result from directly held investments' has been reclassified to both 'net income from private equity portfolio' and 'net income from wealth management portfolio' to reflect the segment owning the investments.

Private equity fees income (management fees, carried interest, other) has been allocated from 'other operating income, net' to 'net income of the private equity portfolio'.

'Other operating income, net' and 'general administrative expenses' from controlled private equity investments have been allocated to 'net income of the controlled private equity portfolio'.

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 2012.

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 income statement 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 income statement 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 income statement.

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 income statement.

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 income statement, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement 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 income statement.

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 income statement – is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised 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 income statement.

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 income statement, the impairment loss is reversed through the income statement.

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 income statement. The losses arising from impairment are recognized in the income statement.

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 assets'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 income statement.

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 income statement, 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 income statement 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 income statement 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 income statement 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 income statement when the asset is derecognized.

l) 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 income statement. 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 ac-

counting 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 income statement.

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 income statement, 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 income statement.

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. The

respective employee benefit costs are determined in accordance with the Projected Unit Credit Method. Any excess of the defined benefit obligation over the fair value of plan assets is initially recognized and presented under employee benefit obligations. A pension asset is recognized only to the extent that it represents economic benefits in the form of refunds or reductions in future contributions. Actuarial gains and losses arising from subsequent calculations are recognized to the extent that they exceed 10% of the greater of the defined benefit and the fair value of the plan assets. The amount exceeding this corridor is amortized over the average remaining working lives of the employees participating in the plan.

The 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 2012 and 2011.

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 income statement 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 income statement, depending of 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.

In the consolidated income statement, the results of these activities are presented distinctively under “CPE” heading.

Further details on assets, liabilities, income and charges 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’.

2.4 Changes in accounting policies and disclosures

Changes in accounting policies

There is no change in accounting policies compared to those of the previous financial year.

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS which became effective in 2012:

Standard / Interpretation	Content	Applicable for financial years beginning on/after
IAS 12 (amendments)	Income tax	1 January 2012
IAS 1 (amendments)	Presentation of Items of Other Comprehensive Income	1 July 2012

IAS 12 (amendments) - Income tax

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis.

The Group maintains investment properties at fair value and assets under the revaluation model of IAS 16. The jurisdictions in which the Group operates do not have a materially different tax charge for sale or consumption of the assets. While the amendment is applicable, it has no significant impact on the consolidated financial statements of the Group.

IAS 1 (amendments) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income (“OCI”). Items that would be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified.

The amendments do not change the nature of the items that are currently recognized in OCI, nor do they impact the determination of whether items in OCI are reclassified through profit or loss in future periods.

There are no other IFRSs or IFRIC interpretations which became effective in 2012.

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 SIC12.10 - 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.

Revaluation of property, plant and equipment and investment property

The Group carries its investment property at fair value, with changes in fair value being recognized in the income statement. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognized in other comprehensive income.

The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 12.

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.

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 on or after 1 January 2012 or later periods and are expected to be relevant to the Group:

Standard / Interpretation	Content	Applicable for financial years beginning on/after
IAS 19 (revised)	Employee benefits	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
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 2015

IAS 19 (revised) - Employee benefits

The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The more significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in OCI as they occur. Amounts recorded in profit or loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in OCI with no subsequent recycling to profit or loss.
- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information about the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.
- Termination benefits will be recognized at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognized under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

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

As at 31 December 2012, the unrecognized net actuarial loss amounts to USD 7.6 million.

The Group is yet to assess the full impact of the amendments, and intends to adopt IAS 19 (revised) no later than the accounting period beginning on or after 1 January 2013.

IFRS 13 - Fair value measurement

IFRS 13 does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. The standard provides clarification on a number of areas, including the following:

- Concepts of "highest and best use" and "valuation premise" are relevant only for non-financial assets and liabilities.
- Market participants are assumed to transact in a way that maximizes value in situations where the unit of account for the item being measured is not clear from other IFRS.
- The impact of blockage discounts is prohibited in all fair value measurements.
- A description of how to measure fair value when a market becomes less active.

New disclosures related to fair value measurements are also required to help users understand the valuation techniques and inputs used to develop fair value.

The Group intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

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.

The Group is considering the timing of the adoption of the standard.

IFRS 9 - Financial instruments, Phase 1 - Classification and measurement

The first phase of IFRS 9 addresses the classification and measurement of financial instruments (Phase 1). Phase 1 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 investments 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 Group.

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

5. Controlled private equity portfolio (“CPE”)

As at 31 December 2012, the Group has control over 5 private equity investments (2011: 4) (Note 30). These entities are fully consolidated within the Group’ accounts.

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	2011	2012
Assets			
Cash and cash equivalents	8	2,666	6,805
Property, plant and equipment	11	45,827	100,717
Intangible assets other than goodwill	13	19,108	23,333
Goodwill	13	43,728	52,205
Other assets	16	47,187	82,869
Total assets		158,516	265,929
Liabilities			
Interest-bearing liabilities	18	84,863	124,459
Provisions	20	932	--
Deferred tax liabilities		6,688	11,185
Other liabilities	21	24,476	38,815
Total liabilities		116,959	174,459
Profit or loss			
Revenue		198,470	404,821
Expenses		(191,862)	(373,593)
<i>of which staff costs</i>		<i>(55,721)</i>	<i>(124,869)</i>
Net income from controlled private equity portfolio		6,608	31,228
Depreciation, amortization and impairment		(10,722)	(17,777)
Operating result		(4,114)	13,451
Finance costs, net		(6,052)	(7,303)
Profit / (Loss) before tax		(10,166)	6,148
Income tax expense		558	652
Profit / (loss) for the year		(9,608)	6,800

At 31 December 2012, controlled private equity investments had 3,763 employees (2011: 2,095).

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 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	Accounting Policies Differences	Inter-segment	Segment Total
Net result from controlled private equity portfolio	6,800	(6,809)	9	--
Gains / (losses) on financial assets, net	40,571	2,608	--	43,179
Dividend income	1,950	--	--	1,950
Interest income, net	88	--	--	88
Private equity fees				
Management fee income	--	--	--	--
Management fee expense	(321)	--	(5,404)	(5,725)
Other private equity fee income	822	--	--	822
Other private equity fee expense	(35)	--	(2,136)	(2,171)
Carried interest income / (expense), net	(8,775)	--	(1,065)	(9,840)
Other operating income, net	2,228	--	606	2,834
General administrative expenses	(1,900)	--	(3,027)	(4,927)
Depreciation, amortization and impairment losses	(4,401)	--	--	(4,401)
Financial costs, net	(796)	--	589	(207)
Income from associates	--	--	--	--
Income tax expense	(47)	--	--	(47)
Sub-total	36,184	(4,201)	(10,428)	21,555
Corporate allocation				(28,330)
Segment Profit / (Loss)				(6,775)

Reconciliation of accounting policies differences

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	Accounting Policies Differences	Inter- segment	Segment Total
Net result from controlled private equity portfolio	--	--	--	--
Gains/(losses) on financial assets, net	--	--	--	--
Dividend income	--	--	--	--
Interest income, net	--	--	--	--
Private equity fees				
Management fee income	17,679	--	7,416	25,095
Management fee expense	--	--	--	--
Other private equity fee income	3,220	--	2,654	5,874
Other private equity fee expense	(2,631)	--	(57)	(2,688)
Carried interest income / (expense), net	3,970	--	1,077	5,047
Other operating income, net	1,766	--	3,011	4,777
General administrative expenses	(32,942)	--	(2,443)	(35,385)
Depreciation, amortization and impairment losses	(165)	--	--	(165)
Financial costs, net	(2)	--	36	34
Income from associates	--	--	--	--
Income tax expense	(647)	--	--	(647)
Sub-total	(9,752)	--	11,694	1,942
Corporate allocation				(1,100)
Segment Profit / (Loss)				842

6.1 Segment profit or loss

Wealth Management

in \$ '000	2012	Accounting Policies Differences	Inter-segment	Segment Total
Gains/(losses) on financial assets, net	8,181	--	--	8,181
Dividend income	873	--	--	873
Interest income	21,689	--	57	21,746
Interest expense	(4,934)	--	--	(4,934)
Wealth Management fees				
Management fee income	27,117	--	221	27,338
Management fee expense	(382)	--	--	(382)
Brokerage fee income	19,893	--	11	19,904
Brokerage fee expense	(79)	--	--	(79)
Custodian fee income	9,676	--	173	9,849
Custodian fee expense	(1,137)	--	--	(1,137)
Fiduciary fee income	430	--	1	431
Fiduciary fee expense	--	--	--	--
Other wealth management fee income	18,375	--	434	18,809
Other wealth management fee expense	(9,407)	--	--	(9,407)
Other operating income, net	1,190	--	271	1,461
General administrative expenses	(86,872)	--	904	(85,968)
Depreciation, amortization and impairment losses	(4,250)	--	--	(4,250)
Financial costs	(154)	--	(108)	(262)
Income from associates	201	--	--	201
Income tax expense	(2,315)	--	--	(2,315)
Sub-total	(1,905)	--	1,964	59
Corporate allocation				(1,000)
Segment Profit / (Loss)				(941)

Summary and reconciliation with the Group net result

Segment	2012	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	(1,905)	--	1,964	(1,000)	(941)
	(2,673)	(4,201)	--	--	(6,874)

6.1 Segment profit or loss

Private Equity Investment

in \$ '000	2011	Accounting Policies Differences	Inter-segment	Segment Total
Net result from controlled private equity portfolio (Note 5)	(9,608)	9,608	--	--
Gains/(losses) on financial assets, net	27,249	(3,441)	--	23,808
Dividend income	283	--	--	283
Interest income, net	755	--	--	755
Private equity fees				
Management fee income	--	--	--	--
Management fee expense	(2,314)	--	(10,537)	(12,851)
Other private equity fee income	2,019	--	--	2,019
Other private equity fee expense	(4,371)	--	--	(4,371)
Carried interest income / (expense), net	--	--	--	--
Other operating income, net	66	--	4,731	4,797
General administrative expenses	(6,101)	--	(5,191)	(11,292)
Depreciation, amortization and impairment losses	(2,783)	--	--	(2,783)
Financial costs, net	572	--	472	1,044
Income from associates	--	--	--	--
Income tax expense	(2)	--	--	(2)
Sub-total	5,765	6,167	(10,525)	1,407
Corporate allocation				(14,394)
Segment Profit / (Loss)				(12,987)

Reconciliation of accounting policies differences

for the year 2011 (in \$ '000)	Hill and Valley	JDI Fashion	Yo! Sushi	ST Products	Anthony's Pizza	Acrotec	Total
Fair value 31 December 2010	4,891	10,404	41,059	--	--	--	56,354
+ Additions / (disposals)	--	5,606	--	10,651	--	--	16,257
- Fair value 31 December 2011	3,104	4,659	45,497	15,910	--	--	69,170
Gain / (loss) on financial assets	(1,787)	(11,351)	4,438	5,259	--	--	(3,441)

6.1 Segment profit or loss

Private Equity Management

in \$ '000	2011	Accounting Policies Differences	Inter- segment	Segment Total
Net result from controlled private equity portfolio	33	--	--	33
Gains/(losses) on financial assets, net	--	--	--	--
Dividend income	--	--	--	--
Interest income, net	--	--	--	--
Private equity fees				
Management fee income	13,912	--	10,558	24,470
Management fee expense	(16)	--	--	(16)
Other private equity fee income	5,732	--	--	5,732
Other private equity fee expense	(2,359)	--	--	(2,359)
Carried interest income / (expense), net	1,180	--	--	1,180
Other operating income, net	424	--	3,971	4,395
General administrative expenses	(31,446)	--	--	(31,446)
Depreciation, amortization and impairment losses	(96)	--	(3,798)	(3,894)
Financial costs, net	(64)	--	--	(64)
Income from associates	--	--	--	--
Income tax expense	(521)	--	--	(521)
Sub-total	(13,221)	--	10,731	(2,490)
Corporate allocation				(1,100)
Segment Profit / (Loss)				(3,590)

6.1 Segment profit or loss

Wealth Management

In \$ '000	2011	Accounting Policies Differences	Inter-segment	Segment Total
Gains/(losses) on financial assets, net	(7,908)	--	--	(7,908)
Dividend income	1,433	--	--	1,433
Interest income	15,979	--	--	15,979
Interest expense	(3,523)	--	--	(3,523)
Wealth Management fees				
Management fee income	23,673	--	--	23,673
Management fee expense	(794)	--	--	(794)
Brokerage fee income	17,775	--	--	17,775
Brokerage fee expense	(44)	--	--	(44)
Custodian fee income	9,223	--	--	9,223
Custodian fee expense	(913)	--	--	(913)
Fiduciary fee income	641	--	--	641
Fiduciary fee expense	(52)	--	--	(52)
Other wealth management fee income	14,693	--	390	15,083
Other wealth management fee expense	(9,066)	--	--	(9,066)
Other operating income, net	1,403	--	715	2,118
General administrative expenses	(77,000)	--	(715)	(77,715)
Depreciation, amortization and impairment losses	(3,649)	--	(1,308)	(4,957)
Financial costs	7,208	--	101	7,309
Income from associates	101	--	--	101
Income tax expense	2,306	--	--	2,306
Sub-total	(8,514)	--	(817)	(9,331)
Corporate allocation				(1,000)
Segment Profit / (Loss)				(10,331)

Summary and reconciliation with the Group net result

Segment	2011	Accounting policies differences	Inter-segment	Corporate Allocation	Segment
Corporate	(17,105)	--	611	16,494	--
Private Equity Investment	5,765	6,167	(10,525)	(14,394)	(12,987)
Private Equity Management	(13,221)	--	10,731	(1,100)	(3,590)
Wealth Management	(8,514)	--	(817)	(1,000)	(10,331)
	(33,075)	6,167	--	--	(26,908)

6.2 Entity-wide disclosures

Geographical information

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

For the year 2012 (in \$ '000)	Carrying amount	Luxembourg	Europe	USA	Other
Tangible assets, including investment property	139,855	1,425	100,626	37,530	274
Intangible assets, excluding goodwill	48,514	21,575	3,606	23,333	--
Goodwill	118,051	42,685	63,580	11,786	--
Financial assets	2,991,376	834,504	1,166,813	481,342	508,717
Investment in an associate	911	--	911	--	--
Deferred tax assets	8,512	8,068	444	--	--
Total assets	3,307,219	908,257	1,335,980	553,991	508,991
Total assets (for the year 2011)	2,399,617	919,652	951,608	459,263	69,094

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

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 includes trade name and licenses of USD 4.3 million. Total transaction related costs of USD 2.2 million are comprised within 'Net result from controlled private equity portfolio' in the consolidated income statement.

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 includes licenses of CHF 0.2 million (USD 0.2 million). Total transaction related costs of CHF 0.8 million (USD 0.9 million) are comprised within 'Net result from controlled private equity portfolio' in the consolidated income statement.

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 includes trade name and customer relationships of USD 0.4 million and 1.2 million respectively. Total transaction related costs of USD 1.2 million are comprised within 'Net result from controlled private equity portfolio' in the consolidated income statement.

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 income statement.

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.

ST Products, United States

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 are shown in the statement of changes in equity under 'Transactions with non-controlling interests'.

Disposal of subsidiaries

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 income statement on the transaction, net of transaction costs.

Acquisitions in 2011

CBP Quilvest, Luxembourg

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

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

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

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

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

The goodwill has been recognized on the basis of the quality of the workforce and synergies expected to be achieved from integrating CBP Quilvest in our existing wealth management structure.

ST Products, United States

On 1 July 2011, as part of its private equity investment activities, the Group acquired 57.3% of the voting rights and 32.12% of the economic interest in Small Tube Products LLC (‘ST Products’). ST Products is a USA-based company and operates as a make-to-order mill producing custom size non-ferrous tube (copper, brass, bronze, cupronickel, nickel silver and aluminum) and tube fabrications.

The fair value of the acquired identified intangible assets includes customer relationship of USD 20.7 million.

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

The goodwill has been recognized on the basis of excellent reputation, technical capabilities, product quality, delivery reliability, workforce and also significant growth prospects of ST Products.

The fair value of the consideration paid includes loan repayments of ST Products for an amount of USD 19.6 million. Total transaction related costs of USD 5.1 million were accounted for as ‘Net income from controlled private equity’ in the consolidated income statement.

Assets acquired and liabilities assumed

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

	CBP Quilvest	ST Products	Total
Property plant and equipment	1,686	14,539	16,225
Intangible assets	30,437	20,700	51,137
Deferred tax assets	10,311	--	10,311
Investments at fair value through profit and loss	196,096	--	196,096
Investments available for sale	206,296	--	206,296
Loans and advances to banks	164,993	--	164,993
Loans and advances to bank customers	186,320	--	186,320
Other receivables, accrued income and prepaid expenses	10,194	32,180	42,374
Cash and cash equivalents	80,974	269	81,243
Financial liabilities held for trading	(17,750)	--	(17,750)
Deposits from banks	(8,588)	--	(8,588)
Deposits from bank customers	(743,838)	--	(743,838)
Other liabilities, deferred income and accrued expenses	(19,214)	(8,103)	(27,317)
Interest-bearing liabilities	(106)	--	(106)
Provisions	(453)	--	(453)
Deferred tax liabilities	(8,837)	(7,245)	(16,082)
Net identifiable assets and liabilities	88,521	52,340	140,861
Non-controlling interests	(30,275)	(35,527)	(65,802)
Net assets acquired	58,246	16,813	75,059
Purchase consideration transferred	106,178	20,577	126,755
Goodwill	47,932	3,764	51,696
Consideration paid, satisfied in cash	22,994	58,297	81,291
Less cash acquired	80,974	269	81,243
Net cash outflow/(inflow)	(57,980)	58,028	48

There were no other significant acquisitions during the year ended 31 December 2011.

8. Cash and Cash Equivalents

in \$ '000	2011	2012
Cash on hand	449	758
Current account with banks	186,891	137,500
Current accounts and deposits with central banks	181,147	679,121
Short term deposits	35,250	27,575
Cash and Cash Equivalents	403,737	844,954
Including controlled private equity portfolio	2,666	6,805

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 3.4 million (2011: USD 4.7 million).

9. Amounts owed from banks and bank customers

in \$ '000	2011	2012
Current account with banks	--	634
Deposits with banks	--	3,235
Deposits with central banks	--	10,761
Debt instruments	38,777	39,632
Amounts owed from banks	38,777	54,262
Current account with bank customers	137,667	171,047
Deposits with bank customers	353,074	550,666
Amounts owed from bank customers	490,741	721,713
Allowance for impairment losses	(2,354)	(2,226)
Amounts owed from bank and bank customers	527,164	773,749

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	2011	2012
1 January	(2,251)	(2,354)
Impairment loss (expense)	(468)	(412)
Recoveries (income)	357	537
Amounts written-off	--	--
Accrued interest on impaired amounts	--	--
Exchange difference	8	2
31 December	(2,354)	(2,226)

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 and 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
Acquired in business combinations	--	--	--	--
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
Acquired in business combinations	--	--	--	--
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

Schedule of changes in financial assets designated at fair value through profit and loss in 2011

a. Private Equity portfolio

In \$ '000	Debt securities	Equity, convertible and investment- related loans	Third party funds	Total
Fair value at 1 January 2011	29,349	258,544	456,676	744,569
Acquired in business combinations	--	--	--	--
Additions	32,201	56,276	133,467	221,944
Disposals	(57,679)	(30,220)	(147,157)	(235,056)
Net gains / (losses)	(574)	(1,631)	30,094	27,889
Currency differences	228	(3,126)	(179)	(3,077)
Fair value at 31 December 2011	3,525	279,843	472,901	756,269

b. Wealth Management portfolio

In \$ '000	Debt securities	Equity, convertible and investment- related loans	Third party funds	Total
Fair value at 1 January 2011	1,423	4,746	19,249	25,418
Acquired in business combinations	183,676	--	529	184,205
Additions	12,579	1,441	57,758	71,778
Disposals	(30,875)	(1,665)	(71,895)	(104,435)
Net gains / (losses)	1,846	(204)	391	2,033
Currency differences	(22,522)	(72)	482	(22,112)
Fair value at 31 December 2011	146,127	4,246	6,514	156,887

c. Total

In \$ '000	Debt securities	Equity, convertible and investment- related loans	Third party funds	Total
Fair value at 31 December 2011	149,652	284,089	479,415	913,156
Net gains/(losses) at 31 December 2011	1,272	(1,834)	30,260	29,698

10.2 Financial assets available-for-sale

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
Acquired in business combination	--	--	--
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

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

a. Private Equity portfolio

There is no financial assets available-for-sale in the private equity portfolio in 2011.

b. Wealth Management portfolio

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

Interest income related to debt securities portfolio available-for-sale amounts to USD 8.0 million (2011: USD 3.5 million) and is included in 'Interest income, net' in the consolidated income statement.

The amount transferred from AFS revaluation reserve in 'Gains / (losses) on financial assets, net' equals USD 1,752 (2011: USD 2,885), of which no impairment loss (2011: USD 2,307).

10.3 Financial assets held for trading

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

Detailed schedule of derivatives by nature and maturity in 2011

a. Private Equity portfolio

There are no financial assets held for trading in the private equity portfolio in 2011.

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	364,109	61,499	1,268	426,876	12,251	--
Foreign currency options contracts	--	--	38,017	38,017	1,790	--
Interest rate swaps	--	--	--	--	--	--
Financial liabilities held for trading						
Foreign currency forward contracts	241,193	66,868	1,257	309,318	--	11,787
Foreign currency options contracts	--	--	38,169	38,169	--	1,339
Interest rate swaps	89,219	--	140,318	229,537	--	10,927
Total					14,041	24,053

11. Property, Plant and Equipment

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>

Revaluation of lands and buildings

At the end of 2012, 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 EUR 24.6 million (2011: EUR 25.0 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 6.8 million (2011: USD 6.8 million). Cumulative amount of the revaluation surplus was USD 18.4 million at 31 December 2012 (2011: USD 18.7 million).

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

In \$ '000	Land	Buildings	Fixtures and fittings	Cars	EDP Hardware	Total
Cost						
Balance at 1 January 2011	9,329	33,340	35,415	411	2,644	81,139
Additions	--	2,714	5,534	59	678	8,985
Acquisitions (Note 7)	--	--	15,866	184	175	16,225
Disposals	--	--	(1,284)	(144)	(401)	(1,829)
Transfers	--	--	--	--	--	--
Revaluation gains	746	1,857	--	--	--	2,603
Exchange differences	(315)	2,174	5,972	(6)	(95)	7,730
Balance at 31 December 2011	9,760	40,085	61,503	504	3,001	114,853
<i>Including controlled private equity portfolio</i>	--	23,270	51,498	99	--	74,867
Depreciation and impairment losses						
Balance at 1 January 2011	--	4,659	11,606	283	2,221	18,769
Depreciation charge	--	2,787	7,526	68	641	11,022
Impairment loss	--	--	--	--	--	--
Disposals	--	--	(606)	(96)	(391)	(1,093)
Transfers	--	--	(17)	--	17	--
Exchange differences	--	2,885	6,560	--	(69)	9,376
Balance at 31 December 2011	--	10,331	25,069	255	2,419	38,074
<i>Including controlled private equity portfolio</i>	--	8,154	20,848	37	--	29,040
Net booked value						
Balance at 31 December 2011	9,760	29,754	36,434	249	582	76,779
<i>Including controlled private equity portfolio</i>	--	15,115	30,650	62	--	45,827

12. Investment property

Schedule of changes in investment property

in \$ '000	2011	2012
At fair value		
Balance at 1 January	8,240	7,969
Additions	--	250
Transfer to owner-occupied properties	--	--
Revaluations	(42)	(112)
Exchange differences	(229)	179
Balance at 31 December	7,969	8,286

in \$ '000	2011	2012
Rental income derived from investment property	366	403
Direct operating expenses	(164)	(204)
Net profit arising from investment property	202	199

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 net other operating income 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 2012

In \$ '000	Goodwill	Customer relationships and deposits	Brand	Other	Software and capitalized IT costs	Total
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>

Schedule of changes in Intangible assets for the year 2011

In \$ '000	Goodwill	Customer relationships and deposits	Brand	Other	Software and capitalized IT costs	Total
Cost						
Balance at 1 January 2011	63,733	--	--	--	6,544	70,277
Additions	--	--	--	--	940	940
Acquisitions (Note 7)	51,697	47,448	1,676	--	2,013	102,834
Disposals	--	--	--	--	(232)	(232)
Exchange differences	(7,288)	(3,559)	(216)	--	(305)	(11,368)
Balance at 31 December 2011	108,142	43,889	1,460	--	8,960	162,451
Accumulated amortization and impairment losses						
Balance at 1 January 2011	--	--	--	--	4,677	4,677
Amortization charge	--	2,424	209	--	1,827	4,460
Impairment loss	2,561	--	--	--	--	2,561
Disposals	--	--	--	--	(232)	(232)
Exchange differences	--	(58)	(15)	--	(187)	(260)
Balance at 31 December 2011	2,561	2,366	194	--	6,085	11,206
Carrying amounts						
Balance at 1 January 2011	63,733	--	--	--	2,488	66,209
Balance at 31 December 2011	105,581	41,523	1,266	--	2,875	151,245
<i>Including controlled private equity portfolio</i>	<i>43,728</i>	<i>19,108</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>62,836</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	2011	2012
JDI Fashion	6,962	--
Yo! Sushi	33,002	34,527
ST Products	3,764	3,764
Anthony's Pizza	--	8,021
Acrotec	--	5,893
Balance at 31 December 2011 - Controlled Private Equity Investments	43,728	52,205

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 2012 were the following:

	2011	2012
Yo! Sushi	8.5	9.0
ST Products	6.8	6.8
Anthony's Pizza	--	7.9
Acrotec	--	6.7

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

In 2011, given the distressed situation of JDI Fashion, the recoverable amount for this entity was based on lease-holds value derived from the latest independent store-by-store appraisal available, and an impairment loss was recognized for the difference between the carrying amount and the recoverable value.

b. Wealth management entities

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

In \$ '000	2011	2012
Quilvest Switzerland	1,650	1,696
Quilvest Banque Privée	21,001	21,464
CBP Quilvest	41,763	42,685
Balance at 31 December – Banking entities	64,414	65,845

The recoverable amount of banking entities was assessed individually based on their fair value less costs to sell. Fair value less costs to sell was determined by adding to net equity a goodwill obtained by applying multiples approach to assets under management reflecting the expected return for each category of assets under management.

The average multiples applied were the following:

	2011	2012
Quilvest Switzerland	1.53	1.97
Quilvest Banque Privée	1.21	1.09
CBP Quilvest	2.65	2.58

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

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	2012	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

in \$ '000	2011	2011
Share of the associate's statement of financial position	Group's share	Total
Current assets	159	468
Non-current assets	894	2,628
Current liabilities	(329)	(967)
Non-current liabilities and equity	(724)	(2,129)
Carrying amount	731	
Revenue	1,278	3,758
Expenses	(1,173)	(3,450)
Profit	105	308

15. Deferred Tax Assets and Liabilities

Recognized deferred tax assets and liabilities

In \$ '000	2011		2012		2011	2012
	Assets	Liabilities	Assets	Liabilities	net	net
Financial assets	1,682	(7)	--	(1,655)	1,675	(1,655)
Property, Plant & Equipment	134	(6,231)	154	(10,796)	(6,097)	(10,642)
Investment property	--	(2,592)	--	(2,697)	(2,592)	(2,697)
Intangible assets	9	(14,085)	166	(13,678)	(14,076)	(13,513)
Investments in associates	--	(9)	--	(16)	(9)	(16)
Employee benefits	210	--	162	--	210	162
Other liabilities	1,379	(3)	1,541	--	1,376	1,541
Other provisions	106	(1,938)	--	(1,975)	(1,832)	(1,975)
Tax losses carried forward	9,160	--	8,144	--	9,160	8,144
Set off of tax	--	--	(1,654)	1,654	--	--
Total deferred tax assets/(liabilities)	12,680	(24,865)	8,513	(29,163)	(12,185)	(20,651)

Movements of net deferred tax liabilities

In \$ '000	2011	2012
Net deferred tax liabilities at opening balance	(10,122)	(12,185)
Increase / (Decrease) in temporary differences	5,055	(2,424)
Change in tax rate	--	--
Business combinations	(15,550)	(4,415)
Deferred tax assets recognized on tax losses carried forward	10,311	(1,016)
Currency differences	(1,879)	(611)
Net deferred tax liabilities at closing balance	(12,185)	(20,651)

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

Movements for the year 2012

In \$ '000	Balance 1 January	Recognized in profit & loss	Recognized in equity	Business combinations	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)
Investments in associates	(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)

Movements for the year 2011

In \$ '000	Balance 1 January	Recognized in profit & loss	Recognized in equity	Business combina- tions	Balance 31 December
Financial assets	(12)	(6)	728	965	1,675
Property, Plant & Equipment	(5,672)	19	(444)	--	(6,097)
Investment property	(2,674)	(13)	95	--	(2,592)
Intangible Assets	5	2,293	(391)	(15,983)	(14,076)
Investments in associates	(3)	(9)	3	--	(9)
Employee benefits	156	76	(22)	--	210
Other liabilities	--	1,376	--	--	1,376
Other provisions	(1,922)	(20)	110	--	(1,832)
Tax losses carried forward	--	--	(1,151)	10,311	9,160
Total	(10,122)	3,716	(1,072)	(4,707)	(12,185)

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	2011	2012
Profit/(loss) before tax	(35,519)	(308)
Luxembourg theoretical tax rate (rounded)	30%	30%
Expected income tax expense / (credit)	(10,656)	(92)
Non-deductible expenses	558	180
Changes in tax rates	522	--
Tax effects of non-taxable income, capital gains and fair value changes	(9,054)	(14,094)
Current income taxes relating to prior periods	(3)	(34)
Losses for which no tax benefit is recognized	13,503	15,037
Other	2,686	1,368
Tax (expense) / credit in the income statement	2,444	(2,365)

Income tax expenses

In \$ '000	2011	2012
Total current year tax (expense) / credit	(1,274)	(830)
Total deferred tax (expense) / credit	3,718	(1,535)
Total income tax (expense) / credit	2,444	(2,365)

16. Other assets

In \$ '000	2011	2012
Interest receivable	1,873	1,497
Carried interest receivable	8,366	9,396
Loans to employees	240	187
Income tax receivable	4,248	5,205
Prepaid expenses	2,608	2,199
Accrued income	5,828	8,155
Receivables from controlled private equity portfolio	47,187	82,869
Other assets and receivables	23,640	40,346
Total other assets	93,990	149,854
Allowance for impairment losses	(516)	--
Total other assets, net	93,474	149,854

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 (2011: USD 516).

17. Amounts owed to bank and bank customers

In \$ '000	2011	2012
Current account	33,452	8,781
With agreed maturity date or period of notice	67,370	176,327
Amounts owed from banks	100,822	185,108
Current account	771,314	1,228,496
With agreed maturity date or period of notice	259,608	461,568
Amounts owed from bank customers	1,030,922	1,690,064
Amounts owed from bank and bank customers	1,131,744	1,875,172

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	2011 Carrying amount	2012 Carrying amount
Senior company bonds	EUR	8%	2014	193,885	198,163
Senior bonds				193,885	198,163
Unsecured bank loan	EUR	3.39%	2012	15,511	--
Unsecured bank loan	EUR	Euribor 3M + 1.5%	2013	9,048	21,137
Unsecured bank loan	EUR	Euribor 3M + 2.0%	2013	--	15,853
Unsecured bank loan	EUR	Euribor 3M + 1.5%	2012	84	--
Bonds	EUR	Euribor 3M + 0.9%	2015	--	4,756
Unsecured bank loan	EUR	5.03%	2013	--	26,422
Unsecured bank loan	EUR	0.75%	2013	18	3
Liabilities towards financial institutions				24,661	68,171
Hill and Valley					
Unsecured bank loan	USD	Prime + 0 bps	2012	1,608	--
Secured term loan	USD	Prime + 100 bps	2013	1,800	2,432
JDI Fashion					
Secured bank credit facility	EUR	Fixed 4.77% - 5.35% floating EUR 3M + 0.8% - 1.4%	2011-2016	3,775	--
Working capital facilities	EUR	Euribor 3M + 1.5%	2012	2,249	--
Convertible bonds	EUR	8%	2018	1,138	--
Yo! Sushi					
Secured bank credit facilities	GBP	Libor+2.5%	2013-2018	35,192	34,895
Mezzanine bank loans	GBP	Libor+5%+5%PIK	2018	10,211	--
ST Products					
Secured term loan	USD	Libor + 9%	2016	26,177	--
Secured term loan	USD	12%	2013-2017	--	20,000
Revolving credit facility	USD	Libor + 2.5%	2016	2,713	--
Revolving credit facility	USD	Prime + 0.5%	2017	--	13,049
Anthony's Pizza					
Revolving loan facility	USD	Libor + 6%	2016	--	1,000
Term loan facility	USD	Libor + 6%	2013-2016	--	16,575
Senior subordinated facility	USD	12%+2%PIK	2017	--	7,552
Other facilities	USD	8% - 12%	2013-2022	--	343
Acrotec					
Secured bank credit facility	CHF	2.5% - 3.0%	2016	--	9,474
Real estate debt	CHF	2.5% - 3.0%	2025	--	14,659
Loan facility	CHF	4.25% PIK	2025	--	4,480
Interest-bearing liabilities of controlled private equity portfolio				84,863	124,459
Total Interest-bearing liabilities				303,409	390,793

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 2012, the capitalized loan costs represent USD 678 (2011: USD 914).

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 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 them.

As at 31 December 2012, 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 as at 31 December 2012 was composed as follows:

In \$ '000	2011	2012
Cash and cash equivalents (Note 8)	403,737	844,954
Less : controlled private equity portfolio (Note 5)	(2,666)	(6,805)
Cash and cash equivalents, net	401,071	838,151
Interest-bearing liabilities	303,409	390,793
Less: controlled private equity portfolio (*) (Note 5)	(84,863)	(124,459)
Interest-bearing liabilities, net	218,546	266,333
Consolidated net indebtedness / (cash surplus)	(100,328)	(454,164)
Controlled private equity portfolio	82,197	117,654
Net debt / (cash surplus)	(182,525)	(571,818)

(*) : non-recourse to the Group

19. Employee benefit obligations

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

Liability for defined benefit obligations

in \$ '000	2011	2012
Present value of unfunded obligations	628	485
Present value of funded obligations	36,187	39,345
Fair value of plan assets	(29,281)	(30,980)
Net unrecognized actuarial gains	(6,870)	(7,600)
Unrecognized assets because of the limit in paragraph 58(b) IAS 19	--	--
Net liability in the statement of financial position	664	1,250

Changes in net liability recognized in the statement of financial position

In \$ '000	2011	2012
Net liability at opening balance	468	664
Net expenses recognized in the profit or loss	2,070	1,869
Contributions	(1,845)	(1,422)
Exchange differences	(29)	139
Net liability at closing balance	664	1,250

Detail of expenses recognized in the income statement

In \$ '000	2011	2012
Current service cost	2,098	1,586
Interest on obligation	863	800
Expected return on plan assets	(787)	(667)
Net actuarial losses (gains) recognized in year	80	308
Past service cost	3	(157)
Gains on curtailments and settlements	(187)	--
Expenses recognized in the income statement	2,070	1,870

Other disclosures for defined benefit plans

In \$ '000	2011	2012
Actual return on plan assets	754	605

At 31 December 2012, 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 2.2 million (2011: USD 1.9 million).

Principal actuarial assumptions at the balance sheet date

in \$ '000	2011	2012
Discount rate at 31 December	2.25%	1.90%
Expected return on plan assets at 31 December	2.25%	1.90%
Future salary increase	2.00%	2.00%
Future pension increase	0.50%	0.00%

Defined benefit obligation evolution

At 31 December	2008	2009	2010	2011	2012
Present value of the defined benefit obligation	25,530	25,663	30,116	36,815	39,830
Fair value of the plan assets	23,037	24,188	26,128	29,281	30,980
Surplus / (deficit) in the plan	(2,493)	(1,475)	(3,988)	(7,534)	(8,850)

Option plan

In 2012, Quilvest Wealth Management set up an option plan for the sub-group key management personnel. 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 2012, an estimate of the commitment resulting from the option plan was calculated via a discounted cash flow model. The model was applied to an 8-year business plan of the sub-group using assumptions for the periods of exercise of the options. The present value of the commitment was calculated using a discount rate and an illiquidity premium. Based on this estimate, the discounted commitment is not significant and therefore, no provision was recognized during the year ended 31 December 2012.

20. Provisions

in \$ '000	2011	2012
Provisions for litigation	1,280	292
Other provisions	845	675
Total Provisions	2,125	967
<i>Including controlled private equity portfolio</i>	<i>932</i>	<i>--</i>

in \$ '000	Litigation	Other	Total
1 January 2012	1,280	845	2,125
Additions	135	323	458
Used	--	--	--
Unused / Reversals	(1,151)	(519)	(1,670)
Currency differences	28	26	54
31 December 2012	292	675	967

Other provisions mainly include unused vacation rights.

21. Other liabilities

in \$ '000	2011	2012
Interest payable	1,828	3,316
Carried interest payable	9,774	13,856
Liabilities relating to performance bonus	1,689	3,152
Dividends payable	102	86
Liabilities relating to share repurchase agreements	420	--
Income tax payable	7,017	9,694
Accrued expenses	15,900	14,871
Deferred income	1,760	2,473
Accounts payable from controlled private equity portfolio	24,476	38,815
Other liabilities and payable	23,985	46,032
Total Other liabilities	86,951	132,295

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

22. Capital and reserves

Ordinary shares

Number of ordinary shares (Units)	2011	2012
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 2011	27,673	2,686
Acquired	4,591	502
Disposed	--	--
31 December 2011	32,264	3,188
1 January 2012	32,264	3,188
Acquired	5,364	598
Disposed	--	--
31 December 2012	37,628	3,786

Reserves

Reserves include restricted reserves not available for distribution of USD 4,499 (2011: 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.

In \$ '000	2011	2012
Net profit/(loss) attributable to the shareholders of the parent	(25,313)	(124)
Issued ordinary shares at 1 January	6,656,000	6,656,000
Effect of own shares held	(30,286)	(34,946)
Weighted average number of ordinary shares at 31 December	6,625,714	6,621,054
Net basic earnings per share (in \$)	(3.8)	(0.0)

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

In \$ '000	2011	2012
Declared and paid during the year:		
Final dividend for 2011 – nil	--	--
Interim dividend for 2012 – nil	--	--
Proposed for approval at the annual general meeting on 14 June 2013		
USD 1.0 per share	--	6,621

25. Share-based payments

In 2011, all outstanding options have been repurchased in the framework of the acquisition of CBP Quilvest (Note 7) 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	Notes	2011	2012
Gain/(loss) from disposal of property, plant and equipment and intangible assets	11	(17)	--
Rental income	12	366	403
Change in fair value of investment property	12	(41)	138
Other income, net		2,740	3,650
Total Other Operating Income, Net		3,047	4,191

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	Notes	2011	2012
Personnel			
Salaries and wages		(49,931)	(55,254)
Pension expense - Defined contributions plans	19	(1,366)	(2,234)
Pension expense - Defined benefit plans	19	(2,070)	(1,869)
Social contributions		(11,310)	(12,170)
Variable compensation		(14,324)	(14,457)
Other personnel costs		(3,886)	(4,403)
Share based payment schemes		437	--
Total		(82,450)	(90,388)
Other administrative expenses			
External consultancy fees		(13,158)	(10,547)
Rental expense		(5,041)	(5,622)
Other administrative expenses		(19,524)	(23,332)
Total		(37,723)	(39,501)
Total General Administrative Expenses		(120,173)	(129,889)

The fees expense with the Group auditor amounts to USD 1,442 (2011: USD 1,609) for audit and audit related services, to USD 279 (2011: USD 297) for tax services and to USD 30 (2011: USD 94) in relation with other services.

27. Financial costs, net

In \$ '000	2011	2012
Interest income on monetary assets	1,042	575
Foreign exchange gains	25,664	9,339
Total financial income	26,706	9,914
Interest expense on monetary liabilities	(17,193)	(16,092)
Foreign exchange losses	(13,742)	(13,544)
Total financial expenses	(30,935)	(29,636)
Finance costs, net – controlled private equity	(6,052)	(7,303)
Financial costs, net	(10,281)	(27,025)

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 poli-

cies 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 appli-

cation 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 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 2012, 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 outstandings, 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 2012, 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 de-

fault 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 2012 (in \$ '000)	Carrying amount	Luxembourg	Europe	USA	Other
Financial assets					
Cash and cash equivalents	844,954	655,873	182,689	3,076	3,316
Loans and advances to banks	54,262	26,172	17,820	120	10,150
Loans and advances to bank customers	719,487	96,134	347,073	109	276,171
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 assets	2,991,377	834,505	1,166,813	481,342	508,717
Off balance sheet					
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

As of 31 December 2012 the Group has issued guarantees and other direct credit substitutes for a total amount of USD 30,357 (2011: USD 24,627). Other

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

For the year 2011 (in \$ '000)	Carrying amount	Luxembourg	Europe	USA	Other
Financial assets					
Cash and cash equivalents	403,737	209,696	182,566	2,236	9,239
Loans and advances to banks	38,777	9,106	23,524	102	6,045
Loans and advances to bank customers	488,387	59,854	219,969	754	207,810
Financial assets at fair value through profit and loss	913,156	31,560	460,640	365,931	55,025
Financial assets available for sale	198,641	361	198,280	--	--
Financial assets held for trading	14,041	7,833	6,208	--	--
Other receivables	93,471	13,328	22,835	41,538	15,770
Total financial assets	2,150,210	331,738	1,114,022	410,561	293,889
Off balance sheet					
Guarantees and assimilated	24,627	5,391	14,885	1,642	2,709
Maximum exposure to credit risk	2,174,837	337,129	1,128,907	412,203	296,598

28.3.4 Credit risk exposure by type of counterparty

For the year 2012 (in \$ '000)	Carrying amount	Sovereign	Credit institutions	Other financial companies	Non-financial companies	Individuals
Financial assets						
Cash and cash equivalents	844,954	679,123	165,831	--	--	--
Loans and advances to banks	54,262	10,761	43,501	--	--	--
Loans and advances to bank customers	719,487	--	--	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 assets	2,991,377	765,185	588,266	1,113,825	203,001	321,100
Off balance sheet						
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

During 2012, the Group did not suffer from credit losses on client loans. At the end of 2012, the amount of past due positions amounted to USD 2,226 (2011: USD 2,354), representing doubtful outstanding debts to customers since more than 3 months. This amount was fully impaired.

As of 31 December 2011, an impairment loss of USD 2,307 was recognized on a Greek government bond

with a nominal value of USD 3,740. The amount of the impairment loss represented the unrealized loss on the bond as of 31 December 2011, i.e. 61.68% of its nominal value. The bond was sold in 2012.

The Group did not have other material exposures to sovereign debt of distressed countries at 31 December 2012.

For the year 2011 (in \$ '000)	Carrying amount	Sovereign	Credit institutions	Other financial companies	Non-financial companies	Individuals
Financial assets						
Cash and cash equivalents	403,737	264,943	138,349	--	--	445
Loans and advances to banks	38,777	--	38,777	--	--	--
Loans and advances to bank customers	488,387	--	--	7,956	289,175	191,256
Financial assets at fair value through profit and loss	913,156	41,453	93,626	776,602	1,475	--
Financial assets available for sale	198,641	1,467	177,091	20,083	--	--
Financial assets held for trading	14,041	--	11,586	2,020	209	226
Other receivables	93,471	--	--	37,334	56,137	--
Total financial assets	2,150,210	307,863	459,429	843,995	346,996	191,927
Off balance sheet						
Guarantees and assimilated	24,627	--	--	13	7,692	16,922
Maximum exposure to credit risk	2,174,837	307,863	459,429	844,008	354,688	208,849

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 2012, the analysis by nature of collaterals is as follows:

Secured Loans and Advances to Bank Customers (in \$ '000)	2011	2012
Loans secured by real estate	25,358	30,417
Lombard loans	409,941	631,466
Other collaterals	42,677	51,081
Not collateralized	10,410	6,523
Total	488,387	719,487

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)	2011	2012
Not past due – Gross amounts	1,024,796	1,770,783
Past due - Impaired	(2,354)	(2,226)
Total	1,022,442	1,768,557

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 assets.

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 2012, 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 2012 (in \$ '000)	Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Without determined maturity
Non-derivative financial assets					
Cash and cash equivalents	838,150	--	--	--	--
Loans and advances to banks	50,393	--	3,869	--	--
Loans and advances to bank customers	321,434	356,171	41,700	182	--
Other receivables	54,535	2,480	9,447	--	523
Investments	104,137	127,557	270,740	170	720,215
Total financial assets	1,368,649	486,208	325,756	352	720,738
Non-derivative financial liabilities					
Deposits from banks	22,681	9,199	153,228	--	--
Deposits from bank customers	1,467,155	199,485	23,448	--	--
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

Open commitments related to Private Equity fund commitments amount to USD 354,766 as of 31 December 2012 (USD 313,538 as of 31 December 2011). 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 2012, USD 36,990 (2011: USD 9,048) committed credit lines (quarterly renewable).

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

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 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 USD. 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 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
Loans and advances to banks	54,262	--	54,262	--	--	--
Loans and advances to bank customers	719,487	220,168	485,536	--	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
Deposits from banks	185,108	29,495	154,478	--	1,135	--
Deposits from bank customers	1,690,064	191,628	1,459,488	--	34,260	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

At 31 December 2012, a 10% change in the USD rate against other currencies would have an impact of approximately USD 13 million (USD 39 million at 31 December 2011) on assets and liabilities denominated in foreign currencies with the majority of this impact in the profit or loss.

At 31 December 2011, the breakdown of exposures by foreign currency was the following:

For the year 2011 (in \$ '000)	Carrying amount	USD	EUR	GBP	CHF	Other
Cash and cash equivalents	403,737	38,062	256,771	13,934	70,664	24,306
Loans and advances to banks	38,777	--	38,777	--	--	--
Loans and advances to bank customers	488,387	209,536	207,765	56,279	12,712	2,095
Other receivables	93,471	59,711	27,786	4,081	1,894	--
Investments	1,125,838	518,794	585,046	16,448	4,838	711
Property, plant and equipment	76,779	16,379	32,546	50	27,803	--
Investment property	7,969	--	7,969	--	--	--
Intangible assets	151,245	22,872	92,912	33,002	2,459	--
Investments in associates	731	--	731	--	--	--
Deferred tax assets	12,680	--	12,680	--	--	--
Total Assets	2,399,614	865,355	1,262,984	123,794	120,369	27,112
Financial liabilities held for trading	24,053	8,699	10,053	1	5,000	299
Deposits from banks	100,822	80,746	8,360	--	10,638	1,077
Deposits from bank customers	1,030,922	267,258	584,271	59,982	91,971	27,440
Other liabilities	86,951	30,845	32,980	12,779	10,347	--
Interest-bearing liabilities	303,409	32,298	225,708	45,403	--	--
Employee benefit obligations	664	--	627	--	37	--
Provisions	2,125	--	2,125	--	--	--
Deferred tax liabilities	24,865	6,688	16,239	--	1,938	--
Total Liabilities	1,573,810	426,536	880,363	118,164	119,933	28,815
Group net currency exposure		438,819	382,621	5,630	437	(1,703)

28.5.3 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 2012, the Group is exposed at reporting date to interest-rate risk on the basis of the lower between maturity and re-pricing date as follows:

in \$ '000	Carrying amount	Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Non interest bearing
Cash and cash equivalents	844,954	844,954	--	--	--	--
Loans and advances to banks	54,262	50,393	--	3,869	--	--
Loans and advances to bank customers	719,487	393,733	293,475	31,729	550	--
Other receivables	149,854	8,396	515	50	--	140,893
Investments	1,222,819	64,977	55,924	82,656	--	1,019,262
Total financial assets	2,991,376	1,362,453	349,914	118,304	550	1,160,155
Financial liabilities held for trading	20,967	--	543	4,531	--	15,893
Deposits from banks	185,108	27,378	1,451	156,279	--	--
Deposits from bank customers	1,690,064	1,316,226	54,406	7,023	--	312,409
Other liabilities	132,295	29,226	--	3,234	--	99,835
Interest-bearing liabilities	266,334	63,415	--	202,919	--	--
Interest-bearing loans of controlled Private Equity investments	124,459	76,603	2,432	45,424	--	--
Total financial liabilities	2,419,227	1,512,848	58,832	419,410	--	428,137
Group net interest rate gap		(150,395)	291,082	(301,106)	550	732,018

A rise of 10% in the short term interest rates less than one year would positively impact the result of the Group for approximately USD 1.4 million (2011: negative impact of USD 0.4 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. During 2012, the Group's sensitivity to interest rate

risk movements has inversed as of the end of February 2012 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.

At 31 December 2011, the Group is exposed at reporting date to interest-rate risk on the basis of the lower between maturity and re-pricing date as follows:

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

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 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 2012, 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	13,322	--	13,322	--
Financial assets designated at fair value				
Debt securities	160,681	160,681	--	--
Equity securities	170,883	3,081	13,444	154,358
Convertible loans	14,056	--	1,682	12,374
Investment related loans	2,076	--	--	2,076
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 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 liabilities	20,967	--	20,967	--

The valuation of the Group's investments is largely dependent on the underlying performance of direct investments and third party funds. A 10% change in the fair value of the investments would have the same proportionate impact on the statement of comprehensive income. The estimated impact is of USD 122 million at 31 December 2012 investments (USD 113 million at 31 December 2011).

Reconciliation of level 3 items at 31 December 2012:

In \$ '000	Equity securities	Convertible loans	Investment related loans	Third party funds	Total assets level 3
At 1 January 2012	213,393	12,552	1,520	463,740	691,205
Profit or loss	(3,929)	(1,372)	555	44,754	40,008
Other comprehensive income	654	252	1	290	1,197
Additions	33,210	2,204	--	98,001	133,415
Disposals	(101,376)	(1,262)	--	(70,612)	(173,250)
Transfers	--	--	--	--	--
Transfers in Level 3	12,406	--	--	--	12,406
Transfers out of Level 3	--	--	--	--	--
At 31 December 2012	154,358	12,374	2,076	536,173	704,981
Total gains for the year included in profit or loss for assets held at 31 December 2012	24,443	788	555	61,583	87,369

At 31 December 2011, 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	14,041	--	14,041	--
Financial assets designated at fair value				
Debt securities	149,652	125,861	23,791	--
Equity securities	268,472	3,800	51,278	213,393
Convertible loans	14,097	--	1,545	12,552
Investment related loans	1,520	--	--	1,520
Third party funds	479,415	8,263	7,412	463,740
Financial assets available for sale				
Debt and equity securities	198,641	198,641	--	--
Total assets	1,125,838	336,565	98,066	691,205
Financial liabilities at fair value through profit and loss				
Financial liabilities held for trading				
Derivatives	24,053	--	24,053	--
Total liabilities	24,053	--	24,053	--

Reconciliation of level 3 items at 31 December 2011:

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

28.8 Financial instruments not measured at fair value

As at 31 December 2012 the Senior Bond interest-bearing liability has an estimated fair value of USD 204.2 million (2011: USD 202.4 million) compared with the carrying amount of USD 198 million (2011: USD 193.9 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 re-

quirements 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 analysed further in Note 18 and the Group's equity is analysed into its various components in the statement of changes in equity.

Capital is managed so as to maximise 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	403,737	844,954
Less: cash and cash equivalents attributable to controlled private equity investments	(2,666)	(6,805)
Interest-bearing liabilities	303,409	390,793
Less: interest-bearing liabilities attributable to controlled private equity investments	(84,863)	(124,459)
Net debt / (cash surplus)	(218,546)	(571,815)
Total equity	825,806	856,612

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 2012, no breach was reported. As of 31 December 2012, the capital adequacy ratio (simplified ratio) of QWM was 16.6% (2011: 18%). The ICAAP report for the 3 year period 2013-2015 showed that QWM has sufficient own funds and liquidity reserves to cover all risks to which it is exposed.

29. Contingent Liabilities, Commitments and Assets under management

in \$ '000	2011	2012
Acceptances and endorsements	--	--
Guarantees and assets pledged as collateral security	27,767	275,040
Commitments arising out of derivatives transactions	1,041,917	1,544,576
Fiduciary operations	788,189	549,335
Open commitments related to Private Equity investment	313,538	354,766
Total Contingent Liabilities and Commitments	2,171,411	2,723,717

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 2007; (ii) the fair value of investments made before 2007 or expired or depreciated more than 75%. As at 31 December 2012, total assets under management for the private equity amount to approximately USD 4.0 billion (2011: USD 3.1 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 2012, total assets under management, including those under custody, amount to approximately USD 18.0 billion (2011: USD 15.0 billion).

30) Related Parties

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

Group entities

Name	Country	Ownership %	
		2011	2012
Quilvest Europe S.A.	Luxembourg	100%	100%
Quilvest Private Equity S.C.A. SICAR	Luxembourg	100%	100%
Quilvest Finance Ltd.	BVI	100%	100%
Quilvest France S.A.S.	France	100%	100%
Quilvest Ventures S.A.S.	France	60%	--
Quilvest & Partners S.A.	Luxembourg	100%	81.5%
Quilvest & Partners France S.A.S.	France	100%	81.5%
Quilvest Luxembourg Services S.A.	Luxembourg	100%	81.5%
Quilvest U.K. Ltd	United Kingdom	100%	81.5%
Quilvest U.S.A. Ltd	United States	100%	81.5%
Quilvest Hong Kong Ltd	Hong Kong	100%	81.5%
Quilvest Dubai Ltd	UAE	100%	81.5%
Quilvest Private Equity S.à r.l.	Luxembourg	--	81.5%
QS PEP S.à r.l.	Luxembourg	--	81.5%
QS Direct SI S.à r.l.	Luxembourg	100%	81.5%
Quilvest Management S.à r.l.	Luxembourg	100%	81.5%
QS Geo S.à r.l.	Luxembourg	100%	81.5%
QS Rep S.à r.l.	Luxembourg	100%	81.5%
QS Management Ltd	BVI	100%	81.5%
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 %	
		2011	2012
Hill and Valley Group	United States	83.9%	83.9%
JDI Fashion Group	France	44.4%	--
YO! Sushi Group	United Kingdom	73.3%	73.3%
ST Products Group	United States	57.3%	57.3%
Anthony's Pizza Group	United States	--	58.1%
Acrotec Group	Switzerland	--	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

In 2012, the Board of Directors decided to review the scope of key management personnel to best reflect the governance and management structure of the Group. 2011 financial information was restated accordingly.

Key management personnel is now 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	2011		2012	
	Management and executive directors	Non-executive directors	Management and executive directors	Non-executive directors
Short-term employee benefits				
- Fixed	3,018	2,335	3,442	2,497
- Variable	2,808	--	1,448	--
Post-employment benefits	471	--	541	--
Other long-term benefits	--	943	500	946
Total Remuneration	6,297	3,278	5,931	3,443

Carried interest paid to key management personnel in 2012 amounted to USD 1,335 (2011: USD 934).

Other carried interest received by key management personnel in 2012 amounted to USD 882 (2011: USD 172).

31) Group employment

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

	2011	2012
Number of employees at 31 December	363	407
Full time equivalent at 31 December	355	400
Average full time equivalent during the year	342	397

32) Subsequent events

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





Separate Financial Statements

Report of the Réviseur d'Entreprises agréé to the shareholders

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated 15 June 2012, we have audited the accompanying annual accounts of Quilvest S.A., which comprise the balance sheet as at 31 December 2012, 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 2012, 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, 26 April 2013

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.

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Balance Sheet

Assets

USD	Notes	2011	2012
Fixed assets			
Tangible assets	3		
Other fixtures and fittings, tools and equipment		8,343	24,282
Financial assets	4		
Shares in affiliated undertakings		340,568,011	547,558,583
Loans to affiliated undertakings		267,075,264	202,018,127
		607,651,618	749,600,992
Current assets			
Debtors			
Trade debtors			
becoming due and payable within one year		57,216	55,725
Amounts owed by affiliated undertakings			
becoming due and payable within one year		2,975,021	29,949,345
Other debtors			
becoming due and payable within one year		--	94,891
becoming due and payable after more than one year		89,549	1,014,451
Investments			
Own shares		--	277,500
Cash at bank and in hand		1,843,383	14,521,799
		4,965,169	45,913,711
Prepayments			
		48,373	24,271
Total assets			
		612,665,160	795,538,974

The accompanying notes form an integral part of these annual accounts

Balance Sheet

Liabilities

USD	Notes	2011	2012
Capital and reserves	5		
Subscribed capital		44,989,630	44,989,630
Share premium and similar premiums		110,248,614	110,248,614
Reserves			
Legal reserve		4,498,963	4,498,963
Reserve for own shares		--	277,500
Profit brought forward		200,093,598	178,088,311
Result for the financial year		(21,727,786)	190,822,139
		338,103,019	528,925,157
Non-subordinated debts	6		
Debenture loans			
Non-convertible loans			
becoming due and payable within one year		977,393	998,957
becoming due and payable after more than one year		225,841,538	225,841,538
Amounts owed to credit institutions			
becoming due and payable within one year		10,220,782	37,068,897
Trade creditors			
becoming due and payable within one year		280,720	113,632
Amounts owed to affiliated undertakings			
becoming due and payable within one year		6,942,082	1,089,041
becoming due and payable after more than one year		28,625,391	--
Tax and social security debts			
Tax debts		145,122	206,043
Social security debts		11,959	22,621
Other creditors			
becoming due and payable within one year		1,517,154	1,273,088
		274,562,141	266,613,817
Total liabilities		612,665,160	795,538,974

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

Income Statement

USD	Notes	2011	2012
Charges			
Other external charges		5,406,402	3,599,570
Staff costs	7		
Wages and salaries		938,827	1,006,013
Social security costs		72,367	80,403
Social security costs relating to pensions		183,099	125,542
Value adjustments			
on formation expenses and on tangible and intangible fixed assets		5,194	9,699
Other operating charges	8	1,158,676	914,117
Interest payable and similar charges			
concerning affiliated undertakings		60,343	85,753
other interest and similar charges	9	19,426,945	16,028,635
Extraordinary charges	10	--	2,129,304
Tax on profit or loss		2,265	2,122
Other taxes not included in the previous caption		545,776	24,071
Profit for the financial year		--	190,822,139
Total		27,799,894	214,827,368
Income			
Net turnover	11	3,322,892	1,573,504
Other operating income		--	23
Income from financial fixed assets			
derived from affiliated undertakings	12	--	210,369,582
Other interests and other financial income			
derived from affiliated undertakings		--	17,014
other interest receivable and similar income		2,737,705	2,851,897
Extraordinary income		11,511	15,348
Loss for the financial year		21,727,786	--
Total		27,799,894	214,827,368

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 in 84 Grand-Rue, L-1660 Luxembourg.

The Company is registered as a “Société Anonyme” under the laws of the Grand-Duchy of Luxembourg. The Company changed its status from a Holding 1929 to a SOPARFI further to the Extraordinary General Meeting held on 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 January 1 and ends on December 31 of each year.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

2.2 Significant accounting policies

a) Foreign currency translation

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

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

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

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

b) Tangible assets

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

Furniture: 5 years

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 assets for the year ended 31 December 2012 is as follow:

Other fixtures and fittings, tools and equipment	in USD
Gross book value - opening balance	42,868
Additions for the year	25,638
Disposals for the year	--
Transfers for the year	--
Gross book value - closing balance	68,506
Accumulated value adjustment - opening balance	(34,525)
Allocations for the year	(9,699)
Reversals for the year	--
Transfers for the year	--
Accumulated value adjustment - closing balance	(44,224)
Net book value - closing balance	24,282
Net book value - opening balance	8,343

4. Financial assets

In June 2012, the Company bought 109,104 class Q shares of Quilvest Wealth Management S.A. for an acquisition amount of EUR 164,496,709 (USD 207,216,192). The total participation cost of Quilvest Wealth Management S.A. amounts to EUR 180,063,889 (USD 230,302,412).

The Company sold during April and May 2012, 225,620 shares of Quilvest & Partners S.A. for an amount of USD 216,820. The total participation cost of Quilvest & Partners S.A. amounts to USD 993,940.

The analysis of the movement of financial assets for the year ended 31 December 2012 is as follow:

USD	Shares	Loans	Total
Gross book value - opening balance	340,568,011	267,075,264	607,643,275
Additions for the year	207,216,192	258,699	207,474,891
Disposals for the year	(225,620)	(65,315,835)	(65,541,455)
Transfers for the year	--	--	--
Gross book value - closing balance	547,558,583	202,018,127	749,576,710
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	547,558,583	202,018,127	749,576,710
Net book value - opening balance	340,568,011	267,075,264	607,643,275

4.1 Shares in affiliated undertakings

Name of undertaking	Registered office	Purchase price (in USD)	Proportion of capital held (in %)
Quilvest Europe S.A.	84, Grand Rue, L-1660 Luxembourg	316,262,231	100
Quilvest & Partners S.A.	84, Grand Rue, L-1660 Luxembourg	993,940	82
Quilvest Wealth Management S.A.	7, rue Thomas Edison, L-1445 Strassen	230,302,412	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 2012, the balance is EUR 19,651,014 (USD 25,770,468) (in 2011: EUR 39,658,152 (USD 51,260,818)) and of USD 176,247,659 (in 2011: USD 215,814,446) respectively.

5. Capital and reserves

Subscribed capital

As of 31 December 2012, 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 2012, 2,500 own shares for an amount of USD 277,500 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 an amount of USD 277,500.

During the year 2012, the Company's direct or indirect subsidiaries acquired 2,864 (2011: 4,591) additional treasury shares for a total amount of USD 600,272 (2011: USD 501,400) and sold no treasury share (2011: nil).

As at 31 December 2012, 37,628 Quilvest shares are held (in 2011: 32,264), of which 35,128 (in 2011: 32,264) shares by the subsidiaries of the Parent Company and 2,500 (in 2011: nil) 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	Profit or loss for the financial year
As at 31 December 2011	4,498,963	--	200,093,598	(21,727,786)
Movements for the year:				
2011 result brought forward	--	--	(21,727,786)	21,727,786
Allocation to reserve for own shares	--	277,500	(277,500)	--
Profit for the financial year	--	--	--	190,822,139
As at 31 December 2012	4,498,963	277,500	178,088,311	190,822,139

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 them.

The accrued interest as at 31 December 2012 amounts to EUR 756,164 (USD 998,957) (2011: EUR 756,164 (USD 977,393)).

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

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

7. Staff costs

As at 31 December 2012, the average full time working employees were 4 (in 2011: 4).

8. Remuneration of the Board of Directors

The emoluments granted to members of the Board of Directors in the amount of USD 909,608 (in 2011: USD 1,145,000) are included in the other operating charges.

9. Other interest and similar charges

The other interest and similar charges include mainly the interest expense of EUR 12,000,000 (USD 15,250,395) (2011: EUR 12,000,000 (USD 16,619,631)) in relation to the senior bond financial liability. The interest expense of EUR 449,507 (USD 580,962) (in 2011: EUR 103,441 (USD 137,098)) in relation to banks credit lines and realized and unrealized exchange losses of USD 196,123 (in 2011: USD 2,662,399).

10. Extraordinary charges

In 2012, the extraordinary charges include a loss realised on waiving a loan towards an affiliated company in the amount of USD 2,120,504 and a loss realised on the sale of participations in the amount of USD 8,800.

11. Net turnover

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

	2011	2012
Categories of activities		
Administrative services	1,855,614	1,000,000
Consultancy services	408,010	533,904
Internal audit services	5,493	--
Rental income	--	12,821
Reinvoicing fees	1,053,775	26,778
Geographical markets		
Luxembourg	2,838,630	1,060,193
France	144,538	127,968
Spain	30,898	29,406
Switzerland	268,966	355,936
British Virgin Islands	39,860	--
	3,322,892	1,573,504

The majority of those services are rendered to affiliated undertakings.

I 2. Income from financial fixed assets derived from affiliated undertakings

The income is entirely derived from a dividend received from Quilvest Europe S.A..

I 3. Taxation

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

I 4. Off-balance sheet commitments

As of 31 December 2012, 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.

Earnings and allocation

Proposal	in USD
Profit for the financial year	190,822,139
Share premium	--
Total available for allocation	190,822,139

Proposed allocation and distribution	in USD
Gain brought forward	184,201,085
Gross dividend payment	6,621,054
Total proposed allocation	190,822,139

The Board of Directors proposed the payment of a dividend for the year ended 31 December 2012 of USD 1.00 per share.

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

A gross remuneration of USD 975,000 will be proposed for the year 2012.

Notes



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