Quilvest

Financial Information 2010

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QUILVEST

Directors' Report

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

Directors

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

Principal activity

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

Business review

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

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

The Corporate Governance report on page 13 of the General section of the Annual Report includes the sections of the business review in respect of:

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

Result and dividends

The consolidated result attributable to the shareholders of the parent company is a profit of USD 12,823,763.
The statutory result of Quilvest S.A. for the year is a profit of USD 231,077,831 (a loss of USD 10,017,835 in 2009).
Taking into account a profit allocation of USD 20,966,400, the Directors are pleased to recommend a net dividend of USD 3.15 per share (USD 3.00 in 2009).
For a number of shares of 6 656 000, the total amount intended to be distributed is USD 20,966,400.

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 2010.

Substantial interests

As at December 31, 2010, two companies declared to hold more than 5% of the voting rights of the Company. Arconas International Limited declared the holding of 15.86% of the voting rights and Lagel Limited declared the holding of 5.67% of the voting rights.

Directors' Report (continued)

Capital structure and corporate governance

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

Subsequent events

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

Auditors

A resolution for the re-appointment of KPMG Audit S.à r.l. as Réviseurs d'Entreprises Agréé of the Company is to be proposed at the forthcoming Annual General Meeting.

Approval

This report was approved by the Board of Directors on April 18, 2011.

On behalf of the Board of Directors

F. Michel Abouchalache

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

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated June 25, 2010, we have audited the accompanying consolidated financial statements of QUILVEST S.A. and its subsidiary companies ("QUILVEST Group"), which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Responsibility of the Réviseur d'Entreprises agréé

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of QUILVEST Group as of December 31, 2010, 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, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Luxembourg, April 18, 2011

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

Thierry Ravasio

Consolidated Financial Statements

Consolidated Statement of Financial Position

for the financial years ended December 31, 2010 and 2009 in $ '000

	Notes	2010	2009
Assets			
Cash and cash equivalents	3	140,040	295,907
Income tax receivable		1,122	1,480
Loans and advances to banks	4	21,281	53,634
Loans and advances to bank customers	5	245,453	124,428
Other receivables, accrued income and prepaid expenses	6	49,431	63,668
Investments	7	773,201	659,112
Property, plant and equipment	8	62,370	55,214
Investment property	9	8,240	7,867
Intangible assets	10	65,600	66,209
Investments in associates	11	689	1,785
Deferred tax assets	12	277	265
Total assets		1,367,704	1,329,569
Liabilities and equity			
Financial liabilities held for trading	7	1,226	1,158
Income tax payable		801	2,068
Deposits from banks	13	57,896	21,070
Deposits from bank customers	14	200,478	154,804
Other liabilities, deferred income and accrued expenses	15	78,850	75,231
Interest-bearing liabilities	16	253,750	292,546
Employee benefit obligations	17	468	550
Provisions	18	2,638	1,945
Deferred tax liabilities	12	10,399	8,932
Total liabilities		606,506	558,304
Share capital	19	44,990	44,990
Share premium	19	110,248	130,263
Treasury shares	20	(2,686)	(2,798)
Reserves	21	16,662	28,472
Retained earnings	21	546,425	527,431
Profit/(Loss) for the year - Group share	21	12,824	18,548
Total equity attributable to shareholders of the parent		728,463	746,906
Non-controlling interests	22	32,735	24,359
Total equity		761,198	771,265
Total liabilities and equity		1,367,704	1,329,569

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

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

for the financial years ended December 31, 2010 and 2009 in $ '000

	Notes	2010	2009
Net result from directly held investments	25	73,045	61,791
Net result from wealth management activities	26	44,665	47,931
Other operating income, net	27	20,566	14,894
General administrative expenses	28	(95,906)	(85,981)
Depreciation, amortization and impairment losses	29	(9,420)	(7,442)
Operating result		32,950	31,193
Financial income	30	20,294	15,469
Financial expenses	31	(32,679)	(20,405)
Income from associates	32	67	179
Profit/(Loss) before tax		20,632	26,436
Income tax expense	33	(2,555)	(2,119)
Profit/(Loss) for the year		18,077	24,317
Gain/(Loss) on property revaluation		4,355	407
Foreign currency translation differences		(7,255)	2,125
Income tax on other comprehensive income		(1,452)	(136)
Total comprehensive income for the year		13,725	26,713
Profit/(Loss) attributable to:			
Shareholders of parent company		12,824	18,548
Non-controlling interests	22	5,253	5,769
Total comprehensive income attributable to:			
Shareholders of parent company		1,014	28,533
Non-controlling interests		12,711	(1,820)
Earnings per share (in $)			
Basic	24	1.9	2.8
Diluted	24	1.9	2.8

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

Consolidated Financial Statements

Consolidated Cash-flow Statement

for the financial years ended December 31, 2010 and 2009 | in $ '000

	Notes	2010	2009
Operating cash flows directly linked to the Private Equity Business			
Acquisition of PE investments	7	(239,885)	(86,456)
Proceeds from sale of PE investments	7	185,386	73,905
Dividends received from PE investments		821	708
Interests received from PE investments		4	11
Operating cash flows directly linked to the Wealth Management Business			
Net interest income		4,662	5,043
Net fee and commission income		37,125	41,401
Cash movements in loans and advances to banks and bank customers		(107,018)	11,550
Cash movements in loans and advances from banks and bank customers		73,264	(34,713)
Other cash movements related to the Wealth Management Business		5,323	690
Other operating cash flow movements			
Cash paid to suppliers and employees		(92,459)	(85,617)
Income taxes received/(paid)		(3,928)	334
Net cash from other operating activities		25,374	26,480
Net cash used in operating activities		**(111,331)**	**(46,664)**
Acquisition of investments	7	(62,590)	(31,968)
Proceeds from sale of investments	7	58,747	25,999
Cash movements in deposits to banks, corporate		37,362	(39,318)
Acquisition of property, plant and equipment		(13,621)	(9,326)
Proceeds from disposal of property, plant and equipment		17	20
Acquisition of intangible assets		(183)	(487)
Proceeds from disposal of investment in associates		666	-
Acquisition of subsidiaries, net of cash acquired	1	-	387
Purchase of non-controlling interests		-	(634)
Interests received		954	276
Dividends received		492	673
Net cash provided by / (used in) investing activities		**21,844**	**(54,378)**
Proceeds from interest-bearing liabilities		7,204	306,949
Repayment of interest-bearing liabilities		(28,243)	(73,360)
Decrease in short-term financing		(498)	(6,428)
Repurchase of treasury shares		(1,337)	(206)
Proceeds from treasury shares		999	13
Contributions from non-controlling interests		8,529	4,323
Distributions to non-controlling interests		(12,864)	(313)
Interests paid		(18,857)	(4,191)
Dividends paid		(20,015)	(17,365)
Net cash provided by / (used in) financing activities		**(65,082)**	**209,422**
Net increase / (decrease) in cash and cash equivalents		**(154,569)**	**108,380**
Cash and cash equivalents at the beginning of the year		295,907	187,340
Effect of exchange rate fluctuations on cash and cash equivalents held		(1,298)	187
Cash and cash equivalents at the end of the year		**140,040**	**295,907**

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

QUILVEST

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

for the financial years ended December 31, 2010 and 2009

in $ '000

	Share Capital	Share Premium	Treasury shares	Reserves & Retained earnings	Total attributable to owners of the parent entity	Non-controlling interests	Total Equity
Notes	19	19	20	21		22	
Balance at January 1, 2009	44,990	141,470	(2,606)	552,153	736,007	10,023	746,030
Total comprehensive income for the year							
Profit for the year	-	-	-	18,548	18,548	5,769	24,317
Other comprehensive income							
Gain on property revaluation, net of deferred tax	-	-	-	271	271	-	271
Foreign currency translation differences	-	-	-	9,714	9,714	(7,589)	2,125
Total other comprehensive income	-	-	-	9,985	9,985	(7,589)	2,396
Total comprehensive income for the year	-	-	-	28,533	28,533	(1,820)	26,713
Transactions with owners, recorded directly in equity							
Repurchase of treasury shares	-	-	(206)	-	(206)	-	(206)
Sale of treasury shares	-	-	14	(1)	13	-	13
Contributions from non-controlling interests	-	-	-	-	-	4,322	4,322
Distributions to non-controlling interests	-	-	-	-	-	(313)	(313)
Non-controlling interests acquired in business combinations	-	-	-	-	-	12,410	12,410
Purchase of non-controlling interests	-	-	-	-	-	(263)	(263)
Dividends paid	-	(11,207)	-	(6,234)	(17,441)	-	(17,441)
Total transactions with owners	-	(11,207)	(192)	(6,235)	(17,634)	16,156	(1,478)
Balance at December 31, 2009	44,990	130,263	(2,798)	574,451	746,906	24,359	771,265
Balance at January 1, 2010	44,990	130,263	(2,798)	574,451	746,906	24,359	771,265
Total comprehensive income for the year							
Profit for the year	-	-	-	12,824	12,824	5,253	18,077
Other comprehensive income							
Gain on property revaluation, net of deferred tax	-	-	-	2,903	2,903	-	2,903
Foreign currency translation differences	-	-	-	(14,713)	(14,713)	7,458	(7,255)
Total other comprehensive income				(11,810)	(11,810)	7,458	(4,352)
Total comprehensive income for the year	-	-	-	1,014	1,014	12,711	13,725
Transactions with owners, recorded directly in equity							
Repurchase of treasury shares	-	-	(1,337)	-	(1,337)	-	(1,337)
Sale of treasury shares	-	-	1,449	446	1,895	-	1,895
Contributions from non-controlling interests	-	-	-	-	-	8,529	8,529
Distributions to non-controlling interests	-	-	-	-	-	(12,864)	(12,864)
Dividends paid	-	(20,015)	-	-	(20,015)	-	(20,015)
Total transactions with owners	-	(20,015)	112	446	(19,457)	(4,335)	(23,792)
Balance at December 31, 2010	44,990	110,248	(2,686)	575,911	728,463	32,735	761,198

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

Significant Accounting Policies

Summary of Activities

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

The consolidated financial statements of the Company as at and for the year ended December 31, 2010 comprise the Company and its subsidiaries (together referred to as the "Group").

The Company is directly controlling two sub-holding companies, Quilvest Europe S.A., Luxembourg and the new created Quilvest & Partners S.A., Luxembourg. Quilvest Private Equity Ltd., Tortola, British Virgin Islands was transferred to Quilvest Europe S.A..

Quilvest Europe S.A., Luxembourg, is directly controlling Quilvest France S.A.S. and its subsidiaries, Quilvest Private Equity Ltd. and Quilvest Switzerland Ltd.. Quilvest France S.A.S.makes public and private investments in France and is also the direct shareholder of Quilvest Banque Privée S.A.. Quilvest Switzerland Ltd. in Zurich, Switzerland, and Quilvest Banque Privée S.A. in Paris, France, are involved in wealth management activities.

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

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

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

Basis of Preparation and Statement of Compliance

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on April 18, 2011 and are subject to approval by the shareholders' meeting of June 10, 2011.

Significant Accounting Policies (continued)

Use of Accounting Estimates and Judgements

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

The most significant estimates and assumptions concern the fair valuation of the financial investments, the assumption related to the valuation of land and buildings, the valuation of goodwill and the actuarial assumptions related to the employee benefits.

The most significant judgement in applying accounting policies relates to the determination of control over private equity investments and funds.

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

Basis of Consolidation

Subsidiaries

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

Associates

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

Transactions Eliminated on Consolidation

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

Significant Accounting Policies (continued)

Foreign Currency

Translation principles at entity level

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

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

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

Translation principles of foreign operations

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

Currency exchange rates

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

	USD/EUR	USD/CHF	USD/GBP
Year-end 2008	0.70716	1.06010	0.69035
Average 2009	0.71704	1.08573	0.63860
Year-end 2009	0.69852	1.03889	0.62954
Average 2010	0.75303	1.04128	0.64704
Year-end 2010	0.75185	0.93910	0.64824

Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Loans and Advances to Banks and Customers and Other Receivables

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

Financial Instruments and Fair Values

Classification

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

The Group's investments primarily relate to private equity investments. These investments are stated at fair value on an item-by-item basis, as determined by the Investment Managers and approved by the Board of Directors. According to Quilvest's investment strategy, all in-house managed financial assets (equity and debt instruments) are designated upon initial recognition at fair value through the profit and loss accounts. The Group does not have any financial instruments classified as held to maturity or available for sale.

Financial instruments at FVPL

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

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

Financial instruments held for trading

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

Significant Accounting Policies (continued)

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

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

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

Loans and receivables

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

Financial liabilities carried at amortised cost

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

Initial recognition and derecognition

Regular purchases and sales of investments are recognised on the settlement date at fair value. Except for financial assets at FVPL, the initial measurement of financial assets includes transaction costs. Transaction costs related to financial assets at FVPL are expensed as incurred in the profit or loss.

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

Subsequent measurement

Financial instruments at FVPL

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

Significant Accounting Policies (continued)

Loans and receivables and financial liabilities carried at amortised cost

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

Determination of fair values

Valuation of investments in funds

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

Valuation of other unquoted investments

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

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

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

Valuation of derivatives

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

Significant Accounting Policies (continued)

Property, plant and equipment

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

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

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

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

Investment property

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

Goodwill

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

Other intangible assets

Software acquired by the Group is stated at cost less accumulated amortization and impairment losses. It is amortized over 2-5 years on a straight-line basis. The Group does not have any internally generated intangible assets.

Significant Accounting Policies (continued)

Impairment

Impairment of financial assets

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

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

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

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

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

Impairment of non-financial assets

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

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

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

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

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

Significant Accounting Policies (continued)

Deposits, Interest-bearing liabilities and Other liabilities

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

Employee benefit obligations

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

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

Provisions

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

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

Significant Accounting Policies (continued)

Equity

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

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

Share-based payments

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

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

Net result from directly held investments

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

Net result from wealth management activities

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

Significant Accounting Policies (continued)

Carried interest

Carried interest receivable

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

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

Carried interest payable

The Group offers investment executives the opportunity to participate into the returns from successful investments. "Carried interest payable" is the term used for amounts payable to executives on investment-related transactions.

A variety of asset-pooling arrangements is in place so that executives may have an interest in one or more carried interest schemes.

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

Income tax

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

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

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

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

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

Significant Accounting Policies (continued)

Earnings per share

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

Segment information

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

Business segments

As of 1 January 2009 the Group determined and presented operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker.

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

The Group's activities include direct Private Equity investments and investments in third party funds, and banking operations in France and in Switzerland. Because they have similar economic characteristics, these activities have been aggregated in two operating segments.

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

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

Except for the recharge of administrative expenses there are no significant inter-segment transactions.

Wealth Management and Private Equity businesses operate worldwide, principally in Europe, America and Asia.

Significant Accounting Policies (continued)

New IFRS standards, amendments and IFRIC interpretations

1) New and amended standards adopted by the Group

The following standards and amendments, which became effective in 2010 are relevant to the Group:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 3	Business combinations	July 1, 2009
IAS 27	Consolidated and separate financial statements	July 1, 2009

IFRS 3 - Business combinations

IFRS 3 (revised), Business combinations, and consequential amendments to IAS 27, Consolidated and separate financial statements, IAS 28, Investments in associates, and IAS 31, Interests in joint ventures, are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.
The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. IFRS 3 (revised) had no impact on the current period as there were no new business combinations.

IAS 27 - Consolidated and separate financial statements

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. IAS 27 (revised) has no impact on the current period as there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no new transactions with non-controlling interests. The accounting for the put options of non-controlling interests at the level of QLB sub-group, issued before the application date of the revised standard, was applied consistently with the new provisions, allowing the changes in the carrying amount of the put liability to be recognised by adjusting the carrying amount of the balancing item affected by the initial recognition of the transaction (e.g. goodwill) (see Intangible assets, Note 10).

Significant Accounting Policies (continued)

The following standards amendments and interpretations became effective in 2010, but were not relevant for the Group's operations:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRIC 9	Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement	July 1, 2009
IFRIC 17	Distribution of non-cash assets to owners	July 1, 2009
IFRIC 18	Transfers of assets from customers	July 1, 2009
IFRIC 16	Hedges of a net investment in a foreign operation	July 1, 2009
IAS 39	Financial instruments: Recognition and measurement – eligible hedged items	July 1, 2009

2) Standards and interpretations issued but not yet effective

The following standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 July 2010 or later periods and are expected to be relevant to the Group:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IAS 24 (revised)	Related party disclosures	January 1, 2011
IFRIC 19	Extinguishing financial liabilities with equity instruments	July 1, 2010
IFRS 9	Financial instruments part 1: Classification and measurement	January 1, 2013

IAS 24 (revised) - Related party disclosures

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the revised standard from 1 January 2011. When the revised standard is applied, the group and the parent will need to disclose any
transactions between its subsidiaries and its associates. The group is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures. The standard has not yet been endorsed by the EU.

IFRIC 19 - Extinguishing financial liabilities with equity instruments

The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The group will apply the interpretation from 1 January 2011. It is not expected to have any impact on the group or the parent entity's financial statements.

Significant Accounting Policies (continued)

IFRS 9 Financial instruments part 1: Classification and measurement

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

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted.

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

The following amendments and interpretations issued but not yet effective, are considered as not relevant for the Group's operations:

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

Notes to the Consolidated Financial Statements

1) Changes in the scope of consolidation and ownership interests

In 2010, the following changes in the scope of consolidation were integrated in these financial statements.

In the Private Equity business segment, the new active Group vehicles are: Quilvest & Partners S.A., Luxembourg, Quilvest & Partners France S.A.S., QS Convenience Inc., QS Care Inc., QS Direct SI 2 S.C.A. SICAR, QS India Hosting Inc. and QPE PEP 2010, the new group vintage of Quilvest annual fund of funds program.

In the Wealth Management segment, Quilvest Banque Privée disposed off the 50% economic interests held in one of the investments in associates: Quilvest and Associés Gestion d'Actifs S.A.S.

In 2009, non-controlling interests and business combination transactions occured as follows:

On June 23 and July 27, 2009, the Group acquired the remaining 20% of the issued share capital of Quilvest Alternative Investments for EUR 0.5 million, increasing the Group participation to 100%. The Group's goodwill increased with EUR 0.3 million (USD 0.5 million) over the goodwill already recognized on the put option in place as at December 31, 2008. On September 15, 2009, Quilvest Alternative Investment merged with another Group entity Quilvest Gestion Privée, the new entity created being named Quilvest Gestion S.A.S.. The transaction had no impact on the retained earnings.

During 2009, the Group acquired an additional 0.99% of the issued shares in capital of QS Candy, 0.83% of QS Structure and 0.96% of QS Candy 2. The fair value of the consideration paid equals the fair value of the net assets acquired.

On July 1, 2009 the Group obtained the control of JDI Fashion Group via the private equity vehicles QS PDI S.A. SICAR and LUX Direct S.a.r.l. The shareholders of the Parent Company have an economic interest on JDI Fashion Group of 44.40%.

On January 1, 2009 the Group obtained the control over the private equity vehicle QS Recycling via the existing subsidiary QS Companies Europe Ltd. The Group acquired 59.23% of the voting rights and economic interest in QS Recycling.

Notes to the Consolidated Financial Statements (continued)

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

In $ '000	Total carrying and fair value amounts
	2009
Property, plant and equipment	5,093
Investments at fair value through profit and loss	14,081
Other receivables, accrued income and prepaid expenses	8,229
Cash and cash equivalents	20,843
Other liabilities, deferred income and accrued expenses	(6,971)
Interest-bearing liabilities	(4,168)
Provisions	(372)
Net identifiable assets and liabilities	36,735
attributable to the shareholder of the parent	21,399

Fair value of the consideration paid	37,256
attributable to the shareholder of the parent	28,911

Goodwill	7,512
Consideration paid, satisfied in cash	20,456
Less cash acquired	(20,843)
Net cash outflow/(inflow)	(387)

Notes to the Consolidated Financial Statements (continued)

2) Main consolidated structures

	Country	% held	Activity
Quilvest S.A., the Parent Company	Luxembourg		Corporate
Quilvest and Partners S.A.	Luxembourg	100	Private Equity
Quilvest France S.A.S.	France	100	Private Equity
Quilvest UK Ltd.	Great-Britain	100	Private Equity
Quilvest Dubai Ltd.	UAE	100	Private Equity
Quilvest USA Inc.	USA (Delaware)	100	Private Equity
Quilvest Banque Privée S.A. and its subsidiaries	France	100	Wealth Management
Quilvest Switzerland Ltd. and its subsidiaries	Switzerland	100	Wealth Management
Quilvest Europe S.A.	Luxembourg	100	Corporate
Quilvest Private Equity Ltd.	British Virgin Islands	100	Private Equity
Quilvest American Equity Ltd.	British Virgin Islands	100	Private Equity
Quilvest American Venture Ltd.	British Virgin Islands	100	Private Equity
Quilvest European Equity Ltd.	British Virgin Islands	100	Private Equity
Quilvest European Venture Ltd.	British Virgin Islands	100	Private Equity
Quilvest Asian Equity Ltd.	British Virgin Islands	100	Private Equity
Quilvest Asian Venture Ltd.	British Virgin Islands	100	Private Equity
Quilvest Ventures Ltd. and its subsidiaries	British Virgin Islands	100	Private Equity
QS Companies USA Ltd. and its subsidiaries	British Virgin Islands	100	Private Equity
QS Companies Europe Ltd. and its subsidiaries	British Virgin Islands	100	Private Equity
QS PEP Holding Ltd. and its subsidiaries	British Virgin Islands	100	Private Equity
QS Strategic GP's Ltd.	British Virgin Islands	100	Private Equity
Quilvest Finance Ltd. and its subsidiaries	British Virgin Islands	100	Corporate & Private Equity

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

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

As at December 31, 2010 the shareholders of the Parent Company have an economic interest in the controlled Private Equity investments as follows: 39.18% of YO! Sushi Group, 36.6% of Hill and Valley Group and 44.4% of JDI Fashion Group.

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

Notes to the Consolidated Financial Statements (continued)

3) Cash and Cash Equivalents

In $ '000	2010	2009
Cash in hand (Petty cash)	608	673
Balances with banks	52,567	74,470
Call and fixed term deposits < 3 months	86,865	220,764
Cash and Cash Equivalents	140,040	295,907

4) Loans and Advances to Banks

In $ '000	2010	2009
Loans and advances to banks	21,281	53,634

At the end of 2010, the carrying amount corresponds to the deposits to banks of Quilvest Banque Privée, with maturities higher than three months.

5) Loans and Advances to Bank Customers

In $ '000	2010	2009
Loans and advances to bank customers	247,704	127,515
Specific allowance for impairment	(2,251)	(3,087)
Net loans and advances to bank customers	245,453	124,428

The impairment testing undertaken by Quilvest Switzerland and Quilvest Banque Privée resulted in a specific allowance for impairment of CHF 2,114,145 (USD 2,251,246) at the end of 2010 compared to CHF 3,095,256 and EUR 75,663 (together USD 3,087,445) at the end of 2009. This amount covers potential default risk from specific clients. The net decrease on the specific allowance for impairment and a foreign exchange loss are recognised in the profit or loss for USD 953,252 (net decrease of USD 156,210 in 2009) and USD 205,641 (USD 56,655 in 2009), respectively. The impaired loans written-off amounts to USD 88,834.

Notes to the Consolidated Financial Statements (continued)

6) Other Receivables, Accrued Income and Prepaid Expenses

In $ '000	2010	2009
Interest receivable and accrued interest	810	1,273
Carried interest receivable	8,456	9,497
Other assets and receivables	30,278	38,835
Loans to employees	1,769	4,504
Accrued income	6,842	8,270
Prepaid expenses	1,276	1,289
Other Receivables, Accrued Income and Prepaid Expenses	49,431	63,668

The impairment testing undertaken resulted in no specific allowance for impairment at the end of 2010 and 2009.

The "Other assets and receivables" includes at the end of 2010 USD 19.3 million (USD 23.5 million in 2009) operating receivables of the controlled Private Equity investments, USD 3.9 million (USD 5.5 million in 2009) receivables of the two Wealth Management structures as well as USD 4.3 million (USD 5 million in 2009) operating receivables of Quilvest France, Quilvest Europe, Quilvest UK, Quilvest Dubai and Quilvest USA.

Notes to the Consolidated Financial Statements (continued)

7) Investments and Derivatives

7.1) Global overview on Investments

In $ '000	2010	2009
7.1.1) Financial assets designated at fair value through profit and loss		
Debt securities	30,772	3,090
Equity securities	253,482	261,294
Third party funds	475,925	377,680
Convertible loans	7,589	5,132
Total	767,768	647,196
7.1.2) Financial assets held for trading - Derivatives	3,214	3,549
7.1.3) Loans and receivables - Investment-related loans	2,219	8,367
Total Investments	773,201	659,112

7.2) Investments designated at fair value through profit and loss

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

In $ '000	Equity, Debt securities and Convertible loans	Third party funds	Total
Fair value at opening balance	269,516	377,680	647,196
Additions	88,605	215,140	303,745
Disposals	(94,341)	(148,900)	(243,241)
Transfers	236	-	236
Net gains on financial assets	33,756	35,791	69,547
Currency differences	(5,929)	(3,786)	(9,715)
Fair value at closing balance	291,843	475,925	767,768

The acquisition of investments generated a cash-outflow of USD 302 million (USD 118 million in 2009) and the disposal of investments a cash-inflow of USD 244 million (USD 100 million in 2009) as stated in the corresponding lines of the consolidated cash flow statement.

7.2.2) Schedule of changes in investments designated at fair value through profit and loss in 2009

In $ '000	Equity, Debt securities and Convertible loans	Third party funds	Total
Fair value at opening balance	242,586	329,747	572,333
Additions	28,928	99,732	128,660
Disposals	(26,885)	(81,052)	(107,937)
Transfers	(10,312)	10,312	-
Net gains on financial assets	33,659	18,105	51,764
Currency differences	1,540	836	2,376
Fair value at closing balance	269,516	377,680	647,196

QUILVEST

Notes to the Consolidated Financial Statements (continued)

7.3) Schedules of derivatives

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

In $ '000	Notional amount with remaining life of				Fair values	
	Less than 3 months	3 months to 1 year	More than 1 year	Total	positive	negative
Financial assets held for trading						
Foreign currency forward contracts	76,605	53,849	-	130,454	3,214	-
Financial liabilities held for trading						
Foreign currency forward contracts	50,921	12,073	-	62,994	-	1,226
Total					3.214	1.226

7.3.2) Detailed schedule of derivatives by currency risk in 2010

In $ '000	USD/CHF		EUR/CHF		EUR/USD		USD/JPY	
	Weighted average contracted exchange rates	Notional amount	Weighted average contracted exchange rates	Notional amount	Weighted average contracted exchange rates	Notional amount	Weighted average contracted exchange rates	Notional amount
Buy								
Less than 3 months	0.9692	1,375	1.2981	4,883	1.3202	23,996	82.0316	20,956
Between 3 months and 1 year	-	-	-	-	1.3200	6,185	-	-
More than one year	-	-	-	-	-	-	-	-
Total		1,375		4,883		30,181		20,956
Sell								
Less than 3 months	0.9533	12,413	1.2976	4,973	1.3288	10,864	82.0153	20,956
Between 3 months and 1 year	0.9735	40,222	-	-	1.3201	6,185	-	-
More than one year	-	-	-	-	-	-	-	-
Total		52,635		4,973		17,049		20,956

The remaining notional amount of USD 40.4 million represents back-to-back transactions as follows: a coverage position between 3 months and 1 year of USD against HKD, split in a Buy position of USD 4 million against a Sell position of USD 4 million, a coverage position of less than three months of USD against CNY, split in a Buy position of USD 4 million against a Sell position of USD 4 million, a coverage position of less than three months of KRW against JPY, split in a Buy position of USD 4.5 million against a Sell position of USD 4.5 million, a coverage position of less than three months of EUR against JPY, split in a Buy position of USD 4.5 million against a Sell position of USD 4.5 million and different coverage position of CHF against JPY, EUR against GBP, USD against XAU, USD against PHP, EUR against PHP and GBP against JPY for a total amount of USD 6.4 million.

7.3.3) Detailed schedule of derivatives by nature and maturity in 2009

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	91,101	9,605	200	100,906	3,549	-
Financial liabilities held for trading						
Foreign currency forward contracts	64,620	22,826	200	87,646	-	1,158
Total					3,549	1,158

7.3.4) Detailed schedule of derivatives by currency risk in 2009

In $ '000	USD/CHF		EUR/CHF		EUR/USD		USD/JPY	
	Weighted average contracted exchange rates	Notional amount	Weighted average contracted exchange rates	Notional amount	Weighted average contracted exchange rates	Notional amount	Weighted average contracted exchange rates	Notional amount
Buy								
Less than 3 months	1.0285	635	1.4841	2,421	1.4402	42,220	88.4965	12,702
Between 3 months and 1 year	1.0289	3,230	-	-	1.5069	342	89.7063	6,000
More than one year	1.0366	200	-	-	-	-	-	-
Total		4,065		2,421		42,562		18,702
Sell								
Less than 3 months	1.1202	33,930	1.4846	2,416	1.4402	42,474	88.5042	12,702
Between 3 months and 1 year	1.0321	16,676	-	-	1.5069	360	89.7063	6,000
More than one year	1.0366	200	-	-	-	-	-	-
Total		50,806		2,416		42,834		18,702

The remaining notional amount of USD 6 million represents a coverage position of less than three months of EUR against JPY, split in a Buy position of USD 3.0 million against a Sell position of USD 3,0 million and different coverage position of less than three months of CHF against JPY, CHF against CZK and GBP against JPY for a total amount of USD 0.4 million.

Notes to the Consolidated Financial Statements (continued)

8) Property, Plant and Equipment

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

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

At the end of 2010, the appraised value of buildings and land of the headquarters of the French subsidiaries located Boulevard Saint-Germain 241-243 and Rue de Lille 86 in Paris amounts to a total fair value of EUR 23.7 million (EUR 21 million in 2009), including the investment property (refer to note 9). The fair value is based on the rental value of the buildings at current market rates for similar located real estate.

The own-used part of the buildings has been revalued accordingly and the revaluation gain recognized directly in equity, i.e. to the revaluation reserve for own-used buildings. Accumulated depreciation has been charged against the revalued amount, taking into account an estimated economic life of 50 years. As December 31, 2010 the remaining useful life is estimated at 43 years.

As at December 31, 2010, the total contribution from controlled Private Equity investments amounts to USD 33.5 million (USD 28.8 million in 2009).

8) Property, Plant and Equipment

8.2) Schedule of changes in Property, Plant and Equipment for the year 2009

In $ '000	Land	Buildings	Fixtures and fittings	Cars	EDP Hardware	Total
Cost						
Balance at January 1, 2009	8,204	21,213	16,289	430	2,266	48,402
Additions	-	2,953	12,736	82	311	16,082
Revaluation gains	142	213	-	-	-	355
Transfers	456	684	-	-	-	1,140
Disposals and derecognized assets	-	(653)	(2,902)	(84)	(113)	(3,752)
Currency differences	117	2,245	2,572	16	126	5,076
Balance at December 31, 2009	8,919	26,655	28,695	444	2,590	67,303
Depreciation and impairment losses						
Balance at January 1, 2009	-	625	3,708	246	1,439	6,018
Depreciation charge for the year	-	1,649	4,443	66	489	6,647
Disposals and derecognized assets	-	(589)	(2,695)	(84)	(110)	(3,478)
Currency differences	-	1,152	1,628	9	113	2,902
Balance at December 31, 2009	-	2,837	7,084	237	1,931	12,089
Carrying amounts						
Balance at January 1, 2009	8,204	20,588	12,581	184	827	42,384
Balance at December 31, 2009	8,919	23,818	21,611	207	659	55,214

The business combinations of the controlled Private Equity investments contributed to additions of USD 5 million on Fixtures and fittings category.

Notes to the Consolidated Financial Statements (continued)

9) Investment Property

Schedule of changes in Investment Property

In $ '000	2010	2009
At fair value		
Balance at January 1	7,867	9,033
Transfer to owner-occupied properties	-	(1,140)
Revaluation gains/(losses)	929	(105)
Currency differences	(556)	79
Balance at December 31	8,240	7,867
Carrying amounts		
Balance at January 1	7,867	9,033
Balance at December 31	8,240	7,867

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

Rental income related to this investment amounts to USD 289,114 (EUR 217,713) in 2010, compared to USD 404,860 (EUR 290,299) in 2009.

The operating expenses related to the buildings amount to USD 137,184 (EUR 103,379) in 2010, compared to USD 201,055 (EUR 144,164) in 2009.

10) Intangible Assets

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

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

The breakdown of goodwill at reporting date is as follows :

Quilvest Banque Privée increased its goodwill into QLB sub-group to EUR 10.6 million (USD 14.2 million) as the result of the revaluation of the existing put options by EUR 2.1 million (USD 2.8 million). Goodwill on Quilvest Alternative Investments amounts of EUR 2.1 million (USD 2.8 million). Goodwill on Gestor remained unchanged to EUR 3.6 million (USD 4.8 million).

The goodwill on JDI Fashion Group decreased to USD 7.1 million (USD 7.7 million in 2009). The goodwill on YO Sushi sub-group decreased to USD 33.1 million equivalent (USD 33.9 million in 2009), while the goodwill on Quilvest Switzerland increased to USD 1.7 million equivalent (USD 1.5 million in 2009), due to foreign currency translation.

The other intangible assets relate to IT developments for the Swiss subsidiaries, specifically a new banking system, a front-office software package for the tracking of the private equity investments and a group reporting software.

Goodwill is revised annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in 2010 (2009: nil).

Impairment test was based on the fair value less cost to sell as determined by the valuation technique for unquoted investments (see Significant accounting policies). At year-end, the main goodwill relates to YO! Sushi sub-group and JDI Fashion sub-group for which the recoverable amount is in excess of the carrying amount, including goodwill.

10) Intangible Assets

10.2) Schedule of changes in Intangible assets for the year 2009

In $ '000	Goodwill	Other	Total
Cost			
Balance at January 1, 2009	55,128	6,105	61,233
Additions	8,009	514	8,523
Disposals and derecognized assets	(2,871)	-	(2,871)
Currency differences	3,455	76	3,531
Balance at December 31, 2009	63,721	6,695	70,416
Depreciation and impairment losses			
Balance at January 1, 2009	-	3,343	3,343
Amortization charge for the year	-	795	795
Disposals and derecognized assets	-	-	-
Currency differences	-	69	69
Balance at December 31, 2009	-	4,207	4,207
Carrying amounts			
Balance at January 1, 2009	55,128	2,762	57,890
Balance at December 31, 2009	63,721	2,488	66,209

The goodwill as at December 31, 2009 relates to QLB sub-group for EUR 8.5 million (USD 12.2 million), Quilvest Alternative investments for EUR 2.1 million (USD 3 million), Gestor for EUR 3.6 million (USD 5.2 million), Quilvest Switzerland for CHF 1.5 million (USD 1.5 million), YO Sushi sub-group for GBP 21.4 million (USD 33.9 million) and goodwill as the result of business combinations for USD 7.7 million.

11) Investments in Associates

The Group has the following investments in associates :

In $ '000	Country	Ownership interest (%) at the end of 2010	Carrying amount at Dec 2010	Carrying amount at Dec 2009
Quilvest & Associés Gestion d'Actifs SAS	France	-	-	1,079
Gaspal Holding SAS	France	34%	689	706
Total			689	1,785

The decrease of carrying amount during 2010 is explained by the share of profit in associates of USD 67,396 (USD 178,895 in 2009), dividends received of USD 34,023 (USD 454,458 in 2009), currency negative differences of USD 128,100 (currency positive differences of USD 11,122 in 2009) and a disposal of associates of USD 1,000,713. During 2010 the Group disposed of the 50% ownership interests in Quilvest & Associés Gestion d'Actifs SAS for EUR 780,000 (USD 1,035,809), the gain of EUR 26,428 (USD 35,096) being recorded in profit or loss.

The financial information on the associates at December 2010 is summarized as follows :

In $ '000	Current assets	Non-current assets	Current liabilities	Non-current liabilities & Equity
Gaspal Holding SAS	397	2,327	720	2,004
Total	397	2,327	720	2,004

In $ '000	Revenues	Expenses	Net result
Gaspal Holding SAS	2,985	2,786	199
Total	2,985	2,786	199

Gaspal Holding SAS

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

Notes to the Consolidated Financial Statements (continued)

12) Deferred Tax Assets and Liabilities

12.1) Recognized deferred tax assets and liabilities

In $ '000	2010		2009		2010	2009
	Assets	Liabilities	Assets	Liabilities	net	net
Investments	-	(12)	-	(5)	(12)	(5)
Property, plant & equipment	116	(5,788)	70	(4,308)	(5,672)	(4,238)
Investment property	-	(2,674)	-	(2,915)	(2,674)	(2,915)
Intangible assets	5	-	6	-	5	6
Investments in associates	-	(3)	6	-	(3)	6
Employee benefits	156		183	-	156	183
Other provisions		(1,922)	-	(1,704)	(1,922)	(1,704)
Total deferred tax assets/(liabilities)	277	(10,399)	265	(8,932)	(10,122)	(8,667)

12.2) Movements of net deferred tax liabilities

In $ '000	2010	2009
Net deferred tax liabilities at opening balance	(8,667)	(8,676)
Increase/(decrease) in temporary differences	(1,728)	5
Change in tax rate	(34)	120
Currency differences	307	(116)
Net deferred tax liabilities at closing balance	(10,122)	(8,667)

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

12.3.1) Movements for the year 2010

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

The amount recognized in equity includes USD 1.4 million of change in the deferred tax on property revaluation and USD 0.3 million of positive foreign currency translation differences.

Notes to the Consolidated Financial Statements (continued)

12.3.2) Movements for the year 2009

In $ '000	Balance January 1	Recognized in profit & loss	Recognized in equity	Balance December 31
Investments	(4)	(1)	-	(5)
Property, plant & equipment	(4,127)	24	(135)	(4,238)
Investment property	(2,915)	34	(34)	(2,915)
Intangible assets	7	(1)	-	6
Investments in associates	(14)	20	-	6
Employee benefits	169	13	1	183
Other provisions	(1,792)	120	(32)	(1,704)
Total	(8,676)	209	(200)	(8,667)

The amount recognized in equity includes USD 0.1 million of change in the deferred tax on property revaluation and USD 0.1 million of negative foreign currency translation differences.

12.4) Reconciliation between applicable and effective tax rate

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

in $ '000	2010	2009
Profit/(loss) before tax	20,632	26,436
Luxembourg theoretical tax rate	30%	30%
Expected income tax expense	6,190	7,931
Non-deductible expenses	2,459	2,299
Changes in tax rates	34	(120)
Increase/(decrease) on deferred tax assets/liabilities	292	(89)
Tax effects of non-taxable income, capital gains and fair value changes	(7,629)	(8,164)
Fiscal integration and sub-consolidation effects	-	(21)
Current income taxes relating to prior periods	29	296
Other	1,181	(13)
Tax expense in the statement of comprehensive income	2,555	2,119

Notes to the Consolidated Financial Statements (continued)

13) Deposits from Banks

In $ '000	2010	2009
Payable on demand	2,826	2,070
With agreed maturity date or period of notice	55,070	19,000
Total Deposits from Banks	57,896	21,070

The amount concerns short-term deposits from external financial institutions. Most deposits from banks are denominated in USD.

14) Deposits from Bank Customers

In $ '000	2010	2009
Payable on demand	179,882	121,989
With agreed maturity date or period of notice	20,596	32,815
Total Deposits from Bank Customers	200,478	154,804

15) Other Liabilities, Deferred Income and Accrued Expenses

In $ '000	2010	2009
Accounts payable	33,507	35,223
Interest payable	1,344	1,397
Dividends payable	90	66
Liabilities relating to share repurchase agreements	7,148	4,337
Carried interest payable	10,821	9,660
Liabilities relating to performance bonus	5,957	4,000
Accrued expenses	18,640	18,516
Deferred income	1,343	2,032
Total Other Liabilities, Deferred Income and Accrued Expenses	78,850	75,231

The liabilities relating to share repurchase agreements include the liabilities of the Group towards non-controlling shareholders generated by the existence of share repurchase agreements for an amount of USD 6,535,323 at the end of 2010, compared to USD 3,738,984 in 2009, as well as the obligation to repurchase the stock options granted to employees for USD 612,581 in 2010, compared to USD 597,571 in 2009 (see note 23).

16) Interest-bearing Liabilities

16.1) Terms and debt repayment schedule at end of 2010

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

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

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

16.2) Terms and debt repayment schedule at end of 2009

In $ '000	Carrying amount	Less than 1 year	Between 1 and 5 years	Over 5 years
Senior bond	214,738	-	214,738	-
Liabilities towards financial institutions	25,874	25,833	41	-
Interest-bearing loans of controlled Private Equity Investments	51,934	3,425	17,766	30,743
Total Interest-bearing liabilities	292,546	29,258	232,545	30,743

16.3) Senior Bonds

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

As at December 31, 2010, the Group is complying with the Net Debt Covenant as defined in the Terms and Conditions of the Bonds, section 3 - Negative Pledge and other Covenants, of the Senior Bond issue prospectus closed on December 7, 2009. The Net debt as at December 31, 2010 is USD 59.5 million, with the following components:

- Cash and cash equivalents: USD 140 million;
- Consolidated indebtness: USD 253.7 million;
  of which:
- Limited recourse Private Equity Acquisition indebtness: USD 54.2 million.

Notes to the Consolidated Financial Statements (continued)

16.4) Terms and debt repayment schedule

In $ '000	Original Currency	Nominal interest rate	Year of maturity	2010 Carrying amount	2009 Carrying amount
Liabilities towards financial institutions					
Unsecured bank loan	EUR	1.50%	2010	-	10,928
Unsecured bank loan	EUR	3.77%	2010	-	14,316
Unsecured bank loan	EUR	3.74%	2010	-	558
Unsecured bank loan	EUR	5.00%	2010-2011	5	20
Unsecured bank loan	EUR	5.02%	2010-2011	33	52
Interest-bearing loans of controlled Private Equity Investments					
Senior secured bank credit facility	USD	Libor+3.5% or Prime+0.5%	2009-2010	-	596
Senior secured bank credit facility	USD	Libor+4% or Prime+1%	2009-2010	-	310
Secured term loan	USD	Prime + 100 bps	2013	2,400	-
Subordinated loan notes	USD	14%	2011	-	2,082
Secured bank credit facility	GBP	Libor+2.5%	2010-2015	18,573	16,005
Secured bank credit facility	GBP	Libor+3%	2016	9,641	9,928
Secured bank credit facility	GBP	Libor+3.5%	2017	9,641	9,928
Mezzanine bank loans	GBP	Libor+5%+5%PIK	2018	9,711	9,540
Secured bank credit facility	EUR	5.06%	2010-2015	328	369
Secured bank credit facility	EUR	4.77%	2010-2015	305	332
Secured bank credit facility	EUR	5.10%	2010-2015	832	969
Secured bank credit facility	EUR	Euribor 1M+1.4%	2010-2015	764	877
Secured bank credit facility	EUR	Euribor 3M+1.303%	2010-2015	449	515
Secured bank credit facility	EUR	5.35%	2010-2017	284	318
Secured bank credit facility	EUR	Euribor 3M+0.8%	2010-2017	460	497
Secured bank credit facility	EUR	3.7% or Euribor 3M+1.3%	2010-2016	473	509
Working capital facilities	EUR	Euribor 3M+1.5%	2011	1,081	-
Convertible bonds	EUR	8%	2018	457	537

The bank loans are secured by a fixed and floating charge over the assets of the consolidated Private Equity investments (including their subsidiary undertakings). As at December 31, 2010 the capitalized loan costs represent USD 1,197,906 (2009: USD 1,380,220).

17) Employee benefit obligations

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

17.1) Liability for defined benefit obligations

In $ ‘000	2010	2009
Present value of unfunded obligations	468	550
Present value of funded obligations	29,648	25,113
Fair value of plan assets	(26,128)	(24,188)
Net unrecognised actuarial gains	(3,697)	(1,554)
Unrecognised assets because of the limit in paragraph 58(b) IAS 19	177	629
Net liability in the statement of financial position	468	550

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

In $ ‘000	2010	2009
Net liability at opening balance	550	541
Net expenses recognised in the profit or loss	1,741	2,074
Contributions	(1,478)	(1,967)
Currency differences	(345)	(98)
Net liability at closing balance	468	550

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

In $ ‘000	2010	2009
Current service cost	1,778	1,953
Interest on obligation	763	740
Expected return on plan assets	(639)	(600)
Net actuarial losses (gains) recognised in year	-	(20)
Past service cost	-	1
Gains on curtailments and settlements	(161)	-
Expenses in Profit or loss	1,741	2,074

17.4) Other disclosures for defined benefit plans

In $ '000	2010	2009
Actual return on plan assets	151	1,550

17.5) Principal actuarial assumptions at the balance sheet date

	2010	2009
Discount rate at December 31	2.75%	3.25 to 3.5%
Expected return on plan assets at December 31	2.75%	2.75%
Future salary increase	2% to 3.5%	2% to 3.5%
Future pension increase	0.50%	0,50%

Notes to the Consolidated Financial Statements (continued)

18) Provisions

In $ '000	2010	2009
Provisions for litigation	2,585	1,532
Other provisions	53	413
Total Provisions	2,638	1,945

The increase of provisions results mainly from a new provision in Quilvest Banque Privée of EUR 1,213,021 (USD 1,610,846), a release of provision in Quilvest Banque Privée of EUR 340,000 (USD 451,507) and Quilvest Switzerland of CHF 379,000 (USD 363,974).

19) Share capital and share premium

At reporting date, the share capital amounts to USD 44,989,630 and is represented by 6,656,000 shares without par value. The share premium amounts to USD 110,248,614 (2009: USD 130,263,582).

As at December 31, 2010, 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, is issued and fully paid.

20) Treasury shares

At December 31, 2010, the Group owns 27,673 (29,891 in 2009) treasury shares for a total amount of USD 2.7 million (USD 2.8 million in 2009). During the year 2010, the Group acquired 13,404 additional treasury shares for a total amount of USD 1,337,240 and sold 15,622 treasury shares for an amount of USD 1,894,685. The consideration received is included in equity.

21) Reserves and retained earnings

In $ '000	Translation reserves	Revaluation reserves	Reserves subtotal	Retained earnings	Total
Balance at January 1, 2009	12,815	5,672	18,487	533,666	552,153
Total comprehensive income for the year					
Profit for the year	-	-	-	18,548	18,548
Other comprehensive income					
Revaluation of own-used buildings, net of deferred tax	-	271	271	-	271
Foreign currency translation differences	9,637	77	9,714	-	9,714
Total other comprehensive income	9,637	348	9,985	-	9,985
Total comprehensive income for the year	9,637	348	9,985	18,548	28,533
Transactions with owners, recorded directly in equity					
Sale of treasury shares	-	-	-	(1)	(1)
Dividends paid	-	-	-	(6,234)	(6,234)
Total transactions with owners	-	-	-	(6,235)	(6,235)
Balance at December 31, 2009	22,452	6,020	28,472	545,979	574,451
Balance at January 1, 2010	22,452	6,020	28,472	545,979	574,451
Total comprehensive income for the year					
Profit for the year	-	-	-	12,824	12,824
Other comprehensive income					
Revaluation of own-used buildings, net of deferred tax	-	2,903	2,903	-	2,903
Foreign currency translation differences	(14,291)	(422)	(14,713)	-	(14,713)
Total other comprehensive income	(14,291)	2,481	(11,810)	-	(11,810)
Total comprehensive income for the year	(14,291)	2,481	(11,810)	12,824	1,014
Transactions with owners, recorded directly in equity					
Sale of treasury shares	-	-	-	446	446
Total transactions with owners	-	-	-	446	446
Balance at December 31, 2010	8,161	8,501	16,662	559,249	575,911

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

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

22) Non-controlling Interests

In $ '000	2010	2009
Non-controlling interests in equity	27,482	18,590
Non-controlling interests in result	5,253	5,769
Total Non-controlling Interests	32,735	24,359

Notes to the Consolidated Financial Statements (continued)

23) Share-based payments

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

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

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

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

Quilvest France, the immediate parent company of Quilvest Banque Privée, is required, after deliberation of its Board of Directors meeting, to buy back the options from the holders at a pre-determined calculation method in case of death or resignation of the holder.

The Group shows a liability of USD 612,581 in 2010 (USD 597,571 in 2009) in relation to its obligation to repurchase these options. The Group recognized an increase in personnel expense of USD 57,263 in 2010 due to the share-based payment schemes (compared to a decrease in personnel expense of USD 21,593 in 2009). The fair market value of the options amounts to USD 2,490,680 at the end of 2010, compared to USD 3,376,240 at the end of 2009 and is based on the valuation of Quilvest Banque Privée made by the management.

23.1) Schedule of changes in the option plan

	2010		2009	
	Weighted average exercise price (Euros)	Number of options	Weighted average exercise price (Euros)	Number of options
Outstanding at the beginning of the year	985	2,908	933	2,231
Granted during the year	-	-	1,158	677
Cancelled during the year	758	(811)	-	-
Outstanding at the end of the year	673	2,097	985	2,908
Exercisable at the end of the year	673	2,097	985	2,908

24) Earnings per Share

The calculation of basic earnings per share at December 31, 2010 and 2009 is based on the net profit attributable to ordinary shareholders and on a weighted average number of ordinary shares outstanding during the years 2010 and 2009.

24.1) Net basic earnings per share

	2010	2009
Net profit attributable to the shareholders of the parent (in $ '000)	12,824	18,548
Issued ordinary shares at January 1	6,656,000	6,656,000
Effect of own shares held	(26,001)	(28,851)
Weighted average number of ordinary shares at December 31	6,629,999	6,627,149
Net basic earnings per share (in $)	1.9	2.8

24.2) Net weighted diluted earnings per share

	2010	2009
Net profit attributable to the shareholders of the parent (in $ '000)	12,824	18,548
Adjusted net profit for the year (in $ '000)	12,824	18,548
Weighted average number of shares at December 31	6,629,999	6,627,149
Diluted average number of ordinary shares at December 31	6,629,999	6,627,149
Net weighted diluted earnings per share (in $)	1.9	2.8

Notes to the Consolidated Financial Statements (continued)

25) Net result from directly held investments

In $ '000	2010	2009
Dividend income	755	742
Interest income	293	253
Dividend and interest income	1,048	995
Realized and unrealized gains and losses on debt and equity securities	33,756	33,659
Realized and unrealized gains and losses on third party funds	35,791	18,105
Net gains (losses) on financial assets designated at fair value through profit and loss	69,547	51,764
Net income from controlled Private Equity investments	6,177	10,861
Net gains (losses) on financial assets and liabilities held for trading	(593)	123
Net gains (losses) on investment-related loans	(5,443)	(1,952)
Foreign exchange gains and losses	2,309	-
Total Net result from directly held Investments	73,045	61,791

The net income of controlled Private Equity investments represents the total revenues from controlled Private Equity investments for USD 120 million (USD 100.7 million in 2009), less the total operating expenses of these entities, which amount to USD 114 million (USD 89.8 million in 2009). These expenses include personnel expenses of USD 34.4 million (USD 27.1 million in 2009) for 1,870 employees at year end (1,505 employees in 2009).

26) Net result from Wealth Management Activities

In $ '000	2010	2009
Interest on loans and advances to banks	379	1,752
Interest on loans and advances to bank customers	4,253	3,760
Interest income and similar income	4,632	5,512
Brokerage fees	7,726	8,861
Fiduciary fees	995	1,623
Custodian fees	6,938	5,750
Asset management fees	19,661	25,728
Other fee and commission income	8,159	6,684
Fee and Commission Income	43,479	48,646
Other banking income	466	148
Gain from securities traded on behalf of clients	14	5
Reversal of impairments on loans and advances to bank customers	1,720	358
Other Income	2,200	511
Interest on deposits from banks	(391)	(349)
Interest on deposits from bank customers	-	(144)
Interest expense and similar charges	(391)	(493)
Brokerage fees	(1)	(3)
Fiduciary fees	(46)	(30)
Custodian fees	(409)	(228)
Asset management fees	(642)	(676)
Other fee and commission expenses	(3,341)	(4,727)
Fee and Commission expenses	(4,439)	(5,664)
Other banking expenses	(49)	(379)
Impairments on loan and advances to banks and bank customers	(767)	(202)
Other Expenses	(816)	(581)
Total Net result from Wealth Management Activities	44,665	47,931

Notes to the Consolidated Financial Statements (continued)

27) Other Operating Income, Net

in $ '000	2010	2009
Increase in allowance for doubtful other receivables	-	(8)
Gain/(loss) from disposal of property, plant and equipment and intangible assets	21	(17)
Rental income	289	405
Management fees	14,913	10,995
Carried interest income	2,055	1,132
Change in fair value of investment property	929	(105)
Other income, net	2,359	2,492
Total Other Operating Income, Net	20,566	14,894

28) General Administrative Expenses

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

in $ '000	2010	2009
Personnel		
Salaries and wages	(34,133)	(33,819)
Pension expense - Defined contributions plans	(579)	(637)
Pension expense - Defined benefit plans	(1,741)	(2,074)
Social contributions	(8,585)	(8,749)
Variable compensation (staff and management bonus)	(8,702)	(6,793)
Other personnel costs	(2,442)	(3,128)
Share based payment schemes	(57)	22
Total	(56,239)	(55,178)
Other administrative expenses		
External consultancy fees	(8,382)	(8,718)
Rental expense	(3,333)	(3,578)
Management fees	(1,836)	(1,650)
Carried interest expense	(5,917)	(2,203)
Other administrative expenses	(20,199)	(14,654)
Total	(39,667)	(30,803)
Total General Administrative Expenses	(95,906)	(85,981)

The fees expense with the Group auditor amounts to USD 1,004,376 (USD 1,206,000 in 2009) for audit and audit related services, to USD 502,000 (USD 77,000 in 2009) for tax services and to USD 73,000 (USD 56,000 in 2009) in relation with other services.

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29) Depreciation, Amortization and Impairment Losses

in $ '000	2010	2009
Depreciation on property, plant and equipment	(8,554)	(6,647)
Amortization of intangible assets	(866)	(795)
Total Depreciation, Amortization and Impairment Losses	(9,420)	(7,442)

30) Financial Income

in $ '000	2010	2009
Interest income on monetary assets	1,715	655
Foreign exchange gains	18,579	14,814
Total Financial Income	20,294	15,469

31) Financial Expenses

in $ '000	2010	2009
Interest expense on monetary liabilities	(16,117)	(2,162)
Foreign exchange losses	(13,445)	(13,515)
Financial expenses of controlled Private Equity investments	(3,117)	(4,728)
Total Financial expenses	(32,679)	(20,405)

32) Income from Associates

in $ '000	2010	2009
Share in the profits of associated companies	67	179
Total Income from Associates	67	179

33) Income Tax Expense

in $ '000	2010	2009
Total current year tax expense	(2,230)	(2,328)
Total deferred tax expense	(325)	209
Total Income Tax expense	(2,555)	(2,119)

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

Notes to the Consolidated Financial Statements (continued)

34) Segment information

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

34.1) Segment profit or loss

for the year 2010 (in $ '000)	Private Equity	Wealth Management	Total
Net result on directly held investments	76,981	2,468	79,449
Net result from wealth management activities	-	45,328	45,328
Management fees	12,354	-	12,354
Net other operating revenue/(expenses)	3,802	(630)	3,172
Administrative expenses, net	(46,858)	(39,809)	(86,667)
Depreciation and amortization	(301)	(1,559)	(1,860)
Net financial income/(expenses)	(1,316)	19	(1,297)
Share of profit/(loss) from associates	-	67	67
Segment Profit	44,662	5,884	50,546
From which:			
Inter-segment revenue and expenses	2,658	(2,658)	-
Reconciliation of segment profit of operations to consolidated Net profit or loss			
Intercompany result eliminated at consolidated level			1,172
Accounting policy differences			(12,952)
Unallocated income and expenses:			
Corporate depreciation and amortization			(475)
Corporate financial result, net			(12,269)
Corporate administrative expenses, net			(7,835)
Other income			2,445
Other charges			-
Income tax expense			(2,555)
Profit for the year			18,077

Notes to the Consolidated Financial Statements (continued)

34.1) Segment profit or loss (continued)

for the year 2009 (in $ '000)	Private Equity	Wealth Management	Total
Net result on directly held investments	54,238	1,505	55,743
Net result from wealth management activities	-	49,153	49,153
Management fees	8,459	-	8,459
Net other operating revenue	4,946	215	5,161
Administrative expenses	(32,891)	(43,566)	(76,457)
Depreciation and amortization	(321)	(1,427)	(1,748)
Net financial income/(expenses)	17	601	618
Share of profit from associates	-	179	179
Segment Profit	34,448	6,660	41,108
From which:			
Inter-segment revenue and expenses	334	(334)	-
Reconciliation of segment profit or loss of operations to consolidated Net profit or loss			
Intercompany result eliminated at consolidated level			1,221
Accounting policies differences			(4,036)
Unallocated income and expenses:			
Corporate administrative expenses, net			(518)
Corporate depreciation and amortization			(2,148)
Corporate financial result, net			(11,947)
Other income			2,787
Other charges			(31)
Income tax expense			(2,119)
Profit for the year			24,317

Notes to the Consolidated Financial Statements (continued)

34.2) Segment assets

For the year 2010 (in $ '000)	Private Equity	Wealth Management	Total
Segment assets	765,376	371,753	1,137,129
From which:			
Financial assets at fair value through profit and loss	739,755	19,663	759,418
Investments in associates	-	689	689
Reconciliation of segment assets to consolidated Total assets			
Cash and cash equivalents, corporate			74,716
Loans and advances to banks, corporate			-
Other receivables, corporate			9,682
Tax receivable			1,122
Deferred tax assets			277
Investments at fair value through profit and loss, corporate			70,236
Investment property, corporate			8,240
Property, plant and equipment, corporate			24,427
Intangible assets, corporate			111
Accounting policy differences			41,764
Total assets			1,367,704

For the year 2009 (in $ '000)	Private Equity	Wealth Management	Total
Segment assets	704,536	280,148	984,684
From which:			
Financial assets at fair value through profit and loss	666,994	16,321	683,315
Investments in associates		1,785	1,785
Reconciliation of segment assets to consolidated Total assets			
Cash and cash equivalents, corporate			188,866
Loans and advances to banks, corporate			39,318
Other receivables, corporate			10,317
Tax receivable			1,480
Deferred tax assets			265
Investments at fair value through profit and loss, corporate			15,554
Investment property, corporate			7,867
Property, plant and equipment, corporate			21,641
Intangible assets, corporate			197
Accounting policy differences			59,380
Total assets			1,329,569

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

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

Notes to the Consolidated Financial Statements (continued)

34.3) Entity-wide disclosures

Geographical information

in $ '000	Luxembourg (country of domicile)	Europe	America (US)	Asia & Middle East	Other countries	Total
Total assets as at December 31, 2010	30,247	918,090	349,146	62,790	7,431	1,367,704
Total assets as at December 31, 2009	86,834	910,861	290,253	35,765	5,856	1,329,569

35) Risk management

35.1) Risk management of the Group

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

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

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

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

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

Quilvest has basically two business lines, Private Equity and Wealth Management, with different risk profiles.

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

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

Notes to the Consolidated Financial Statements (continued)

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

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

The Wealth Management business line includes two entities: Quilvest Banque Privée in Paris and Quilvest Switzerland in Zurich.

Both entities are regulated one by the Commission Bancaire in France and the other by the Swiss Financial Market Supervisory Authority ("FINMA"), respectively, to which they periodically are required to provide all quantitative and qualitative information regarding risk management.

No breach of any ratio has been reported during reporting year 2010 nor during the prior year 2009.

Credit risk in wealth management activities arises principally from the loans to banks and to bank customers. Loans to banks within Quilvest Group are made of short term deposits. Most of the loans granted to customers are Lombard loans, which are collateralized by the bank customers' assets. As required by the ad hoc credit procedure, a permanent monitoring process of the value of the guarantee according to the fair market value of the assets pledged is in place.

Quilvest Banque Privée and Quilvest Switzerland are subject to liquidity ratios imposed by their local regulator. Both entities are responsible for managing their overall liquidity. Quilvest Banque Privée does not refinance its activities on the interbank market. As for Quilvest Switzerland, the refinancing of credits is strictly congruent with the assets, which are mainly short term.

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

Interest rate risk is standard and low at Quilvest Banque Privée and Quilvest Switzerland. Both entities have no limit for any mismatch on the money market; thus, credit activities are systematically refinanced with a banking counterparty with same terms (Quilvest Switzerland only) or supported by non interest-bearing customers deposits or by own equity. In addition, most of the assets are remunerated at variable interest rates or, if at fixed interest rates, with a yearly fixing frequency or even less.

Quilvest Banque Privée is not exposed to currency fluctuation risk since its operating and different transaction currencies are the same (in Euros). At Quilvest Switzerland, part of the revenues are denominated in USD, whereas the operating currency in CHF. This specific currency risk is hedged through a program of forward currency contracts.

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.

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

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

Notes to the Consolidated Financial Statements (continued)

35.2) Credit risk

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

In $ '000	2010	2009
Cash and cash equivalents	140,040	295,907
Loans and advances to banks	21,281	53,634
Loans and advances to bank customers	245,453	124,428
Other receivables	49,431	63,668
Total	456,205	537,637

The aging of financial assets at the reporting date is :

In $ '000	2010	2009
Not past due - Gross amounts	458,456	540,724
Not past due - Impairment	(2,251)	(3,087)
Total Not Past Due	456,205	537,637

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

The gross amounts of loans and advances to banks and of loans and advances to bank customers are categorized in 2010 and 2009 as low fair credit amounts.

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

Secured Loans and Advances to Bank Customers (in $ '000)	2010	2009
Loans secured by real estate	19,645	5,873
Lombard loans	220,977	104,820
Other collaterals	2,581	7,780
Not collateralized	2,250	5,955
Total	245,453	124,428

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

External imposed requirements

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

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

35.3) Liquidity risk

The table below analyses the Group's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Financial assets and financial liabilities of controlled Private Equity investments of USD 23 million (USD 17 million in 2009) and USD 75 million (USD 74.2 million in 2009) respectively, are without recourse for the Group and not included in the liquidity risk analysis. The amounts in the table are the contractual undiscounted cash flows:

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

Open commitments related to Private Equity fund commitments amount to USD 246 million as of December 31, 2010 (USD 322 million as of December 31, 2009). The amount will not be called in full as portfolio funds usually call between 88% and 95% of their commitments. In addition funding of the related capital calls will take place over the 5 year period. Lastly, a portion of the Quilvest's portofolio funds will realize part of their investments and make distributions over the same 5 year period - at least the funds with a closed investment period. As a result, the potential future liquidity gap deriving from open commitment is "naturally" partly or totally closed, depending mostly on market conditions.

In 2009, the Group closed a Senior Bond issue of EUR 150 million, with the maturity date of December 7, 2014. Combined with a very prudent realization rate of the Private Equity investments, Quilvest has, by end of 2010, a significant amount of cash and marketable securities.

In addition, the Group has, at the end of 2010, the following committed credit lines (annually renewable):

- a EUR 10 million credit line with a maturity date of September 30, 2011;
- a EUR 20 million credit line with a maturity date of December 17, 2011.

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Notes to the Consolidated Financial Statements (continued)

External imposed requirements

Quilvest Switzerland presents twice a year to FINMA consolidated financial statements integrating a breakdown by maturity of the current assets compared to the current liabilities. At reporting date, the total assets available on demand and subject to notice amount to CHF 120.9 million (CHF 100.2 million in 2009) compared to a total of CHF 133.2 million (CHF 98.3 million in 2009) liabilities exercisable on demand or subject to notice. Quilvest Switzerland, as Security Dealer, is not required to report on liquidity risk towards the Swiss controlling authority. Nevertheless, for Group reporting purposes, a theoretical calculation has been done at reporting date which led to a ratio of 202.8% (220.2% in 2009).

Quilvest Banque Privée presents quarterly towards the French Commission Bancaire a liquidity ratio calculated on weighted current assets compared to weighted current liabilities. At reporting date, this ratio is 277% (221% in 2009).

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

For the year 2009 (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	294,150	-	-	-	-
Loans and advances to banks	-	53,937	-	-	-
Loans and advances to bank customers	48,916	58,007	19,059	1,429	-
Other receivables	23,093	994	3,841	2,701	9,497
Investments	-	-	7,542	5,957	642,064
Total non-derivative financial assets	366,159	112,938	30,442	10,087	651,561
Non-derivative financial liabilities					
Deposits from banks	21,118	-	-	-	-
Deposits from bank customers	154,804	-	-	-	-
Other liabilities	32,261	1,130	5,406	-	13,997
Liabilities towards financial institutions	14,545	27,080	283,542	-	-
Unfunded Private Equity commitments	-	-	-	-	322,331
Total non-derivative financial liabilities and unfunded Private Equity commitments	222,728	28,210	288,948	-	336,328
Group net liquidity gap	143,431	84,728	(258,506)	10,087	315,233

Liquidity risk associated with the derivative transactions is disclosed in the note 7.3).

Notes to the Consolidated Financial Statements (continued)

35.4) Market risk

35.4.1) Currency risk

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

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

A 10% change in the USD rate against other currencies would have an impact of approximately USD 16 million on the basis of December 2010 (USD 22 million on the basis of December 2009) assets and liabilities denominated in foreign currencies with the majority of this impact in the profit or loss.

Notes to the Consolidated Financial Statements (continued)

The Group is exposed at end of year 2009 to following foreign currency risk based on carrying amounts :

For the year 2009 (in $ '000)	Carrying amount	USD	EUR	CHF	GBP	Other
Cash and cash equivalents	295,907	152,535	108,778	15,989	10,399	8,206
Income tax receivable	1,480	-	553	927	-	-
Loans and advances to banks	53,634	25,000	28,634	-	-	-
Loans and advances to bank customers	124,428	83,490	38,647	1,940	-	351
Other receivables	63,668	21,223	31,968	3,466	6,807	204
Investments	659,112	377,308	259,003	7,452	15,349	-
Property, plant and equipment	55,214	2,203	29,730	1,692	21,589	-
Investment property	7,867	-	7,867	-	-	-
Intangible assets	66,209	447	28,893	2,873	33,996	-
Investments in associates	1,785	-	1,785	-	-	-
Deferred tax assets	265	-	265	-	-	-
Total Assets	1,329,569	662,206	536,123	34,339	88,140	8,761
Financial liabilities held for trading	1,158	-	-	1,158	-	-
Income tax payable	2,068	-	800	1,268	-	-
Deposits from banks	21,070	20,788	282	-	-	-
Deposits from bank customers	154,804	65,782	80,066	5,633	-	3,323
Other liabilities	75,231	18,776	24,881	11,405	13,270	6,899
Interest-bearing liabilities	292,546	2,988	245,536	-	44,022	-
Employee benefit obligations	550	-	550	-	-	-
Provisions	1,945	-	1,945	-	-	-
Deferred tax liabilities	8,932	-	7,228	1,704	-	-
Total Liabilities	558,304	108,334	361,288	21,168	57,292	10,222
Group net currency exposure		553,872	174,835	13,171	30,848	(1,461)

Notes to the Consolidated Financial Statements (continued)

35.4.2) Interest-rate risk

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

For the year 2010 (in $ '000)	Carrying amount	Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Non interest bearing
Cash and cash equivalents	140,040	140,040	-	-	-	-
Loans and advances to banks	21,281	5,320	15,961	-	-	-
Loans and advances to bank customers	245,453	201,439	3,494	20,520	20,000	-
Other receivables	49,431	121	144	1,365	139	47,662
Investments	773,201	30,772	-	6,812	2,997	732,620
Total financial assets	1,229,406	377,692	19,599	28,697	23,136	780,282
Financial liabilities held for trading	1,226	-	-	-	-	1,226
Deposits from banks	57,896	37,896	-	-	20,000	-
Deposits from bank customers	200,478	200,478	-	-	-	-
Other liabilities	78,850	-	-	-	-	78,850
Interest-bearing liabilities	199,546	7	31	199,508	-	-
Interest-bearing loans of controlled Private Equity investments	54,204	53,286	-	823	95	-
Total financial liabilities	592,200	291,667	31	200,331	20,095	80,076
Group net interest rate gap		86,025	19,568	(171,634)	3,041	700,206

A rise in the interest rates would positively impact the result of the Group due to the interest bearing net asset position up to one year.

At the end of the prior year, the exposure was :

For the year 2009 (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	295,907	295,907	-	-	-	-
Loans and advances to banks	53,634	-	53,634	-	-	-
Loans and advances to bank customers	124,428	112,926	2,670	7,838	994	-
Other receivables	63,668	171	162	1,480	2,691	59,164
Investments	659,112	3,090	-	7,542	5,957	642,523
Total financial assets	1,196,749	412,094	56,466	16,860	9,642	701,687
Financial liabilities held for trading	1,158	-	-	-	-	1,158
Deposits from banks	21,070	21,070	-	-	-	-
Deposits from bank customers	154,804	154,804	-	-	-	-
Other liabilities	75,231	-	-	-	-	75,231
Interest-bearing liabilities	240,612	14,881	10,952	214,779	-	-
Interest-bearing loans of controlled Private Equity investments	51,934	47,421	291	3,488	734	-
Total financial liabilities	544,809	238,176	11,243	218,267	734	76,389
Group net interest rate gap		173,918	45,223	(201,407)	8,908	625,298

Notes to the Consolidated Financial Statements (continued)

35.4.3) Fair value hierarchy

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

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

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

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

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

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

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 77 million on the basis of December 2010 investments (USD 66 million on the basis of December 2009 investments).

Reconciliation of Level 3 items

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

Transfers in/(out) level 3 represent transfers from/(to) level 2 or transfers (to) level 1. Transfers from level 2 are the result of the absence of recent transactions causing less transparency in prices of the investments. Transfers to level 2 are the result of evidence of recent transactions causing more transparency in prices of the investments. Transfers to level 1 amount to USD 10.5 million, being the result of quoted prices in active markets for new listed companies.

Notes to the Consolidated Financial Statements (continued)

At end of 2009, the Group is exposed to the fair value risk as follows:

in $ '000	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Derivatives	-	3,549	-	3,549
Financial assets designated at fair value				
Debt securities	3,090	-	-	3,090
Equity securities	3,315	16,159	241,820	261,294
Third party funds	30,218	13,530	333,932	377,680
Convertible loans	-	-	5,132	5,132
Investment related loans	-	68	8,299	8,367
Total assets	36,623	33,306	589,183	659,112
Financial liabilities at fair value through profit and loss				
Financial liabilities held for trading				
Derivatives	-	1,158	-	1,158
Total liabilities	-	1,158	-	1,158

Reconciliation of Level 3 items

	Financial assets at fair value through profit and loss				
In $' 000	Equity securities	Third party funds	Convertible loans	Investment related loans	Total assets level 3
At January 1, 2009	228,475	267,035	5,611	4,397	505,518
Profit or loss	32,446	17,399	(1,084)	(1,952)	46,809
Other comprehensive income	1,059	371	404	(23)	1,811
Additions	22,797	53,100	201	5,956	82,054
Disposals	(20,076)	(14,285)	-	(10)	(34,371)
Transfers	(10,312)	10,312	-	-	-
Transfers out of Level 3	(12,569)	-	-	(69)	(12,638)
At December 31, 2009	241,820	333,932	5,132	8,299	589,183
Total gains for the year included in profit or loss for assets held at December 31, 2009	29,837	17,343	(1,084)	(1,952)	44,144

35.4.4) Financial instruments not measured at fair value

As at December 31, 2010 the Senior Bond interest-bearing liability has an estimated fair value of USD 210.1 million compared with the carrying amount of USD 199.5 million.

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

Notes to the Consolidated Financial Statements (continued)

35.5) Capital management

Quilvest Switzerland (QVS) and Quilvest Banque Privée (QBP), the two Wealth Management structures of the Group, are subject to capital adequacy requirements by their respective control authorities. In 2010, both entities had to apply the Basel II requirements.

At reporting date, the capital adequacy ratios are:

In $ '000	QVS	QBP
Total regulatory capital	36,000	18,480
Capital required for credit risks	9,939	4,934
Capital required for market risks	8,128	-
Capital required for operational risks	6,414	3,543
Total capital required	24,481	8,477
Capital adequacy ratio 2010	10.50%	17.44%

According to the applicable legal requirements, capital has to be at least equal to 8% of risk weighted assets. This requirement is met for both Wealth Management structures at reporting date. The capital adequacy ratio at end 2009 was respectively 15.47% for QVS and 13.29% for QBP, in respect with the requirements of the local supervisory authorities.

36) Contingent Liabilities, Commitments and Assets under management

In $ '000	2010	2009
Acceptances and endorsements	2,798	3,012
Guarantees and assets pledged as collateral security	26,940	28,279
Commitments arising out of derivatives transactions	193,448	188,552
Fiduciary operations	849,667	1,058,537
Open commitments related to Private Equity acquisitions	245,553	322,331
Total Contingent Liabilities and Commitments	1,318,406	1,600,711

In addition to fiduciary operations, the Group manages assets on behalf of third parties through the Wealth Management segment and through the Private Equity segment. Total assets under management, including Group investments and client open commitments, amount to approximately USD 12.7 billion as at December 31, 2010 (approximately USD 12.0 billion as at December 31, 2009).

37) Group Employment

	2010	2009
Number of employees at year end	268	260
Full time equivalent employment at year end	260	242
Average full time equivalent employment in the year	247	238

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

Notes to the Consolidated Financial Statements (continued)

38) Related Parties

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

Management remuneration

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

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

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

In $ '000	2010		2009	
	Management and Executive directors	Non-executive directors	Management and Executive Directors	Non-executive directors
Short-term employee benefits				
- fixed	6,465	1,300	6,515	990
- variable	1,391	-	1,227	-
Post-employment benefits				
- fixed	418	-	453	-
- variable	-	-	-	-
Other long-term benefits				
- fixed	-	-	-	-
- variable	1,657	-	1,200	-
Total Management remuneration	9,931	1,300	9,395	990

The carried interest paid in 2010 to key management personnel amounts to USD 3,400,354, compared to USD 9,000 in 2009.

Other carried interest received in 2010 by key management personnel amounts to USD 788,626, compared to USD 6,000 in 2009.

39) Subsequent events

- In December 2010, the Group agreed to combine its wealth management activities with Compagnie de Banque Privée, a Luxembourg-based bank, subject to regulatory approval. The Group expects to close the transaction during the second quarter of 2011 and to account for the business combination in the June interim financial statements.

- The financial statements were authorized for issue by the directors on April 18, 2011.

The following dividends were proposed by the directors for distribution :

	2010	2009
Total gross dividends (in $ '000)	20,966	20,015
Dividend per share (in $)	3.15	3.0

Report of the Réviseur d'Entreprises agréé to the shareholders

on the annual accounts

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated June 25, 2010, we have audited the accompanying annual accounts of QUILVEST S.A., which comprise the balance sheet as at December 31, 2010 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 December 31, 2010, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Luxembourg, April 18, 2011

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

Thierry Ravasio

Balance Sheet

as of December 31 — In $ '000

Assets	Notes	2010	2009
Tangible assets		13	22
Financial assets	3,11	319,482	58,179
Fixed Assets		319,495	58,201
Debtors	4	271,233	267,940
Cash at bank and in hand	5	19,987	82,768
Current Assets		291,220	350,708
Total Assets		610,715	408,909

Liabilities	Notes	2010	2009
Subscribed capital		44,990	44,990
Share premium account		110,248	130,264
Legal reserve		4,499	4,499
Loss brought forward		(10,018)	-
Profit/(loss) for the financial year		231,078	(10,018)
Capital and reserves	6	380,797	169,735
Senior bond	7	226,609	226,971
Other creditors	8	3,309	12,203
Creditors		229,918	239,174
Total Liabilities		610,715	408,909

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

Profit and Loss Account

as of December 31 In $ '000

Charges	Notes	2010	2009
Value adjustments in respect of assets		9	8
Interest payable and similar charges	9	24,464	7,057
Other charges	10	4,815	6,840
Loss on disposal of financial assets	11	942	-
Profit for the financial year		231,078	-
Total Charges		261,308	13,905

Income		2010	2009
Loss for the financial year		-	10,018
Income from current assets		3,231	3,887
Gain on disposal of financial assets	11	258,077	-
Total Income		261,308	13,905

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

Notes to the Annual Accounts

1. General information

On December 13, 2006, Luxembourg abolished by law the tax exemption of the Holding 1929 companies. According to this law, Quilvest, established in Luxembourg since 1960 and traded on the Luxembourg Stock Exchange before July 20, 2006, may continue to benefit from this regime during a transitional period from January 1, 2007 till December 31, 2010. During the transitional period, the Company must comply with certain reporting requirements to maintain its right to benefit from the special tax exemption status, including an annual certification and submission of such certification to the tax authorities.

The Company changed its status from a Holding 1929 to a SOPARFI further to the Extraordinary General Meeting held on December 8, 2010, coming into force as of January 1, 2011.

2. Summary of Significant Valuation Principles

The company maintains its accounts and records in USD. The annual accounts are prepared in accordance with legal requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg.

Transactions in foreign currencies have been reflected in the annual accounts at the rates prevailing at the transaction date. Non-monetary financial assets in foreign currencies have been stated at the historical exchange rate.
Non-monetary financial assets are valued at acquisition cost. In case of a permanent reduction in the value of financial assets, they are valued at the lowest figures to be attributed to them.

Current assets and liabilities are translated at closing rates only in case of a recognition of unrealized foreign exchange losses. Only realized foreign exchange gains and losses and unrealized foreign exchange losses are recognized in the profit and loss account.

3. Financial assets

as of December 31, 2010

	Share capital	Number of shares held	% of Capital	Book value
Quilvest Europe S.A. Luxembourg	€ 50,562,263 50,562,263 shares without par value	50,562,263	100,00%	$316,262,231
Quilvest & Partners S.A. Luxembourg	$3,219,560 3,219,560 shares with the par value of 1 $/share	3,219,560	100,00%	$3,219,560
Total				$319,481,791

Further to the Shareholder's General Meeting held on December 17, 2010, 575,998 shares of Quilvest Private Equity Ltd. were transferred to a subsidiary, subsequently contributed to the capital increase of Quilvest Europe S.A.

4. Debtors

These mainly represent loans receivable from affiliates, including two non-interest bearing Equity Tainted Loans between the Company and Quilvest Europe S.A. of EUR 100,000,000 and USD 300,000,000; the first tranches drawn (amounting to EUR 55,489,452 and USD 196,732,446) represent the loans receivable from Quilvest Finance Limited, transferred to Quilvest Europe S.A. in exchange of Equity Tainted Loans. The Equity tainted loans have the initial maturity of 60 years.

5. Cash at bank and in hand

Cash at bank includes sight and term deposits with maturities less or equal to three months for USD 19,517,044 and EUR 353,056 (USD 469,579).

Notes to the Annual Accounts (continued)

6. Capital and reserves

In $	Subscribed capital	Share Premium	Legal reserve	Profit/(Loss) brought forward	Profit/(Loss) for the year	Total Capital and Reserves
Balance at January 1, 2010	44,989,630	130,263,582	4,498,963	-	(10,017,835)	169,734,340
Annual General Meeting of June 25, 2010						
- 2009 Result brought forward	-	-	-	(10,017,835)	10,017,835	-
- Dividend	-	(20,014,968)	-	-	-	(20,014,968)
Profit for the financial year	-	-	-	-	231,077,831	231,077,831
Balance at December 31, 2010	**44,989,630**	**110,248,614**	**4,498,963**	**(10,017,835)**	**231,077,831**	**380,797,203**

As of December 31, 2010 the Company's authorised share capital is USD 100,000,000 represented by 14,794,520 shares without nominal value, of which USD 44,989,630 represented by 6,656,000 shares without nominal value are issued and fully paid.

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

During the year 2010, the subsidiaries acquired 13,404 additional treasury shares for a total amount of USD 1,337,240 and sold 15,622 treasury shares for an amount of USD 1,894,685.

7. Senior Bond

On December 7, 2009, the Company issued 3,000 bonds at a nominal price of EUR 50,000 each with coupons attached on issue, bearing an interest rate of 8% p.a., payable semi-annually in arrear as of June 7 and December 7, commencing on June 7, 2010 and maturing in 2014. The bonds mature 5 years from the issue date at the nominal value. The bonds and coupons constitute senior, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The accrued interest as at December 31, 2010 amounts EUR 756,164 (USD 1,005,736).

8. Other creditors

These mainly represent funds that Quilvest S.A. has borrowed on short-term basis from other affiliates and payables in relation to the Board of Directors' remuneration linked to the financial year 2010.

9. Interest payable and similar charges

Interest payable and similar charges includes mainly the interest expense of EUR 12,000,000 (USD 15,131,744) in relation to the senior bond financial liability and unrealized foreign exchange losses of USD 9,203,497 in relation with foreign currency denominated current assets.

10. Other charges

Other charges includes wages and salaries, Board of Directors remuneration, audit and consultancy fees, notary fees and other operating expenses.

11. Loss/Gain on disposal of financial assets

Further to the Contribution and Transfer agreement signed on December 17, 2010 between the Company and Quilvest & Partners SA, a loss on disposal of Quilvest USA Inc. of USD 942,000 was accounted (carrying amount of investment USD 1,541,865; selling price USD 599,865).

Further to the Shareholders' General Meeting held on December 17, 2010 575,998 shares of Quilvest Private Equity Ltd. were transferred to a subsidiary, subsequently contributed to the capital increase of Quilvest Europe S.A. and a gain on disposal of Quilvest Private Equity Ltd. of USD 258,076,707 was accounted for (Quilvest Private Equity: carrying amount of investment USD 54,104,177; selling price USD 312,180,884).

12. Contingencies

As of December 31, 2010 and 2009 the Company issued a letter of guarantee in favor of a bank for a credit line of USD 14,000,000 committed to a fund dedicated to Quilvest employees and sponsored by the Company.

QUILVEST

Earnings and Allocations

in $

PROPOSAL	
• Profit for the financial year	231,077,831
• Share Premium	0
Total proposed allocation	231,077,831

PROPOSED ALLOCATION AND DISTRIBUTION	
• Gain brought forward	210,111,431
• Gross dividend payment	20,966,400
Total	231,077,831

The Board of Directors proposes the payment of a dividend for the year ended December 31, 2010 of USD 3.15 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 1,484,920 will be proposed for the year 2010 (2009: USD 1,275,000).