

27 April 2012

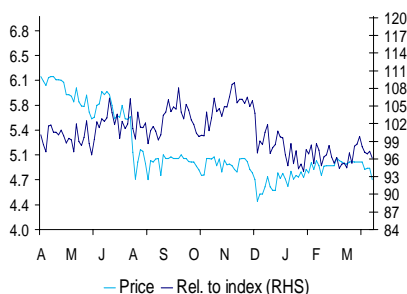
Quest for Growth

€6.2m profit in 1Q12 reduces carried-over losses

Equity Investment Instruments
Belgium

Current price € 4.86
Target price € 6.00

Buy
Rating Unchanged



Source: Thomson Financial Datastream

Bloomberg QFG BB
Reuters QUFG.BR
www.questforgrowth.com

Market Cap €57.3m
Shares outst. 11.8m
Volume (daily) €38,292
Free float 90.6%

Next corporate event

Results 1H12: 26 July 2012

(€m)	2009	2010	2011
Net result	18.1	20.6	-13.3
Adj. net result	18.1	20.6	-13.3
Basic EPS (€)	1.53	1.74	-1.15
ROE	26.8%	24.1%	-12.6%
Adj. eq. value	7.25	8.99	7.88
Premium/disc.	35.9%	42.9%	39.7%
DPS (€)	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%

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Summary:

1Q12 produced a €6.2m profit (1Q11: €0.9m profit), which reduced carried-over losses to €13.1m. The main feat in 1Q12, apart from rising stock markets, was the wrapping up of the merger between Quest Management and Capricorn VP. No change to our €6 TP and Buy rating.

News:

Quest's monthly NAV updates had already unveiled that equity p.s. increased to €8.44 p.s. at end-1Q12, vs. €7.90 at YE11 (+6.8% YTD). The stock in the period climbed to €5.0 (+5.3% YTD), due to which the discount decreased a tad to 40.76% (YE11: 39.9%, 2-yr average: 39.72%). The 6.8% YTD rise of NAV compares with a 6.9% rise of the DJ Eurostoxx 50. The €6.2m positive result (€0.54 p.s.) compares with a €0.9 million profit in the year earlier period (€0.07 p.s.) and a €13.3m loss (€1.15 p.s.) in FY11. Corresponding ROE amounts to 6.8% (non-annualised)

The result is entirely driven by unrealised capital gains in the quoted portfolio (€6.03m) due amongst others to Leguide.com, Arcadis, Umicore, Init, LEM and Melexis. Realised capital gains (€0.8m) were supported by the full sale of Mobotix for a 40% profit (IRR > 40%). In the unquoted portfolio most activities took place through the funds. However, despite Quest's direct investments haven't been impaired, an additional €0.75m provision was allocated to the already provisioned €2.5m that is aimed at covering potential, future impairments at the level of the direct PE portfolio. Recent press reports flagged a potential sale of Clear2Pay, by far the biggest direct PE stake, but so far we have heard no tangible news on this matter.

The release also reiterates Capricorn Venture Partners (CVP) succeeded Quest Management as the managing director of QfG. Changes brought about at the QfG level are that Antoon De Proft will succeed Jos B. Peeters as chairman and that managing director René Avonts henceforward will take up a seat on the Board. The deal still awaits formal FSMA approval, but should in our view lead to both operational and financial synergies.

Our View:

The 1Q12 profit confirms an earlier reported increase in monthly NAV, which came piggybacked with strong equity markets. The amount of carried-over losses on Quest's balance sheet decreased to €13.1m, which we believe makes chances for a FY12 dividend highly unlikely. Portfolio-wise, we remain anxious to find out more about the status of the €3.25m provisions made for future potential losses in the PE portfolio.

Conclusion:

We currently estimate NAV at €8.29 p.s. which corresponds with a 41.2% discount based on a €4.87 stock price. We reiterate that we see this level as excessively high. Based on current levels, there is 23% upside potential to reach our €6.0 TP (implying 28% discount to NAV). But triggers to unlock value are few: Quest said the public bid on Transics (3.3% stake) is too low and an offer on Clear2Pay isn't likely to materialise anytime soon as well.

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SOTP MODEL – BASED ON CLOSING PRICES OF 26 APRIL 2012

Description	Sector/market	BB	Shares held	Recent change	Last price	Crncy	% of NAV	Valuation (€m)
Quoted companies							17.33%	16.56
Software & Services								
DOCDATA	Euronext Amsterdam	DOCD NA	65,000	0	11.4	€	0.78%	0.74
ECONOCOM	Euronext Brussels	ECONB BB	180,263	17,700	17.3	€	3.25%	3.11
INIT	Deutsche Börse	IXX GY	106,178	0	18.3	€	2.03%	1.94
LEGUIDE.COM	Euronext Paris	ALGUI FP	80,000	0	18.9	€	1.58%	1.51
NEMETSCHKE	Deutsche Börse	NEM GR	132,500	0	31.0	€	4.30%	4.11
PHARMAGEST INTERACTIVE	Euronext Paris	PHA FP	40,000	0	45.9	€	1.92%	1.84
TRANSICS	Euronext Brussels	TRAN BB	250,000	0	7.1	€	1.84%	1.76
UNIT4	Euronext Amsterdam	UNIT4 NA	70,330	-5,000	22.0	€	1.62%	1.55
Technology Hardware							5.61%	5.36
EVS BROADCAST	Euronext Brussels	EVS BB	90,000	0	38.0	€	3.58%	3.42
LEM HOLDING	Zwitsersland	LEHN SW	4,869	-341	478.8	CHF	2.03%	1.94
Pharma & Biotech							2.17%	2.08
TEVA PHARMACEUTICAL	Nasdaq	TEVA US	60,000	0	45.6	USD	2.17%	2.08
Health Care Equipment &							9.14%	8.73
GERRESHEIMER	Deutsche Börse		50,000	0	34.8	€	1.82%	1.74
NEXUS	Deutsche Börse		170,000	0	8.5	€	1.51%	1.44
SPHERE MEDICAL HOLDING	AIM		930,031	0	0.8	£	0.97%	0.93
STRATEC BIOMEDICAL	Deutsche Börse		40,000	0	35.3	€	1.48%	1.41
UNITED DRUG	Dublin		1,391,786	-100,000	2.3	€	3.35%	3.20
Electrical & Engineering							13.55%	12.94
ANDRITZ	Vienna		55,000	-2,500	39.8	€	2.40%	2.29
ARCADIS	Euronext Amsterdam	ARCAD NA	215,000	-10,000	17.4	€	4.09%	3.90
FAIVELEY	Euronext Paris	LEY FP	27,500		51.1	€	1.47%	1.40
IMTECH	Euronext Amsterdam	IM NA	147,555	-7,500	21.3	€	3.29%	3.14
KENDRION	Euronext Amsterdam		61,500		18.4	€	1.18%	1.13
SCHALTBAU HOLDING	Deutsche Börse	SLT GY	12,777		83.8	€	1.12%	1.07
Semiconductors							1.74%	1.66
MELEXIS	Euronext Brussels	MELE BB	125,133	5,000	13.3	€	1.74%	1.66
Materials							5.15%	4.92
CENTROTEC	Deutsche Börse	CEV GY	65,000		12.5	€	0.85%	0.81
UMICORE	Euronext Brussels	UMI BB	100,000		41.1	€	4.30%	4.11
Other sectors							0.00%	0.00
Loan notes & CP							7.92%	7.56
Private Equity Funds							34.47%	32.93
			Asset type	Invested	Committed			
	Semiconductors		equity	1.50		€	1.57%	1.50
CAPRICORN CLEANTECH CO	Technology hardware		equity	1.07		€	1.12%	1.07
CARTAGENIA	Software & Services		equity	0.63		€	0.65%	0.63
CLEAR2PAY	Software & Services		equity	5.57		€	5.83%	5.57
IDEA	Pharma & Biotech		equity	0.16		€	0.17%	0.16
KIADIS	Pharma & Biotech		equity	2.24		€	2.34%	2.24
MAGWELL	Software & Services		equity	0.43		€	0.45%	0.43
PROSONIX	Pharma & Biotech		equity	2.66		£	2.78%	2.66
SYNTAXIN	Pharma & Biotech		equity	2.45		£	2.57%	2.45
TCLAND	Pharma & Biotech		equity	1.50		€	1.57%	1.50
THIRD PARTY INV FUNDS	Various		Funds	14.72	16.11	€	15.41%	14.72
Portfolio							97.06%	92.73
Net cash (incl. others & options)							2.94%	2.81
Adjusted equity value							100.00%	95.54
<hr/>								
Number of shares (outstanding)								11,529,950
Treasury shares (for remuneration purposes, resale, collateral,...)							0.00%	0
Treasury shares (available for cancellation)							0.00%	0
Number of shares (for per share calculation)								11,529,950
<hr/>								
Quest for Growth last price								4.87
Adjusted equity value p.s.								8.29
Current discount								41.23%
<hr/>								
Target prices								
Target equity value								95.54
Target equity value p.s.								8.29
Discount to target equity value								41.23%

KBCS has a BUY recommendation and a €6 target price.

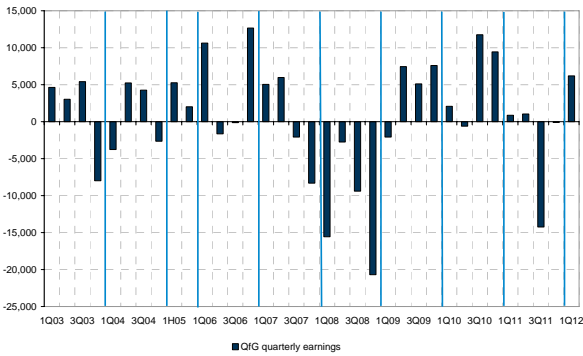
The upside potential versus a stock price of €4.87 equals 23.2%.

The implied discount of our €6 target price vs. the target equity value is 27.59%.

Source: KBC Securities

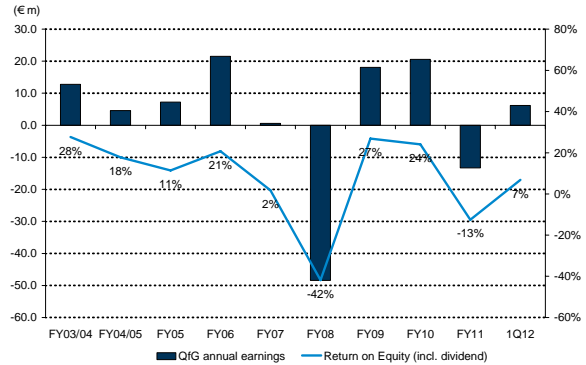
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HISTOIRIC QUARTERLY EARNINGS OVERVIEW



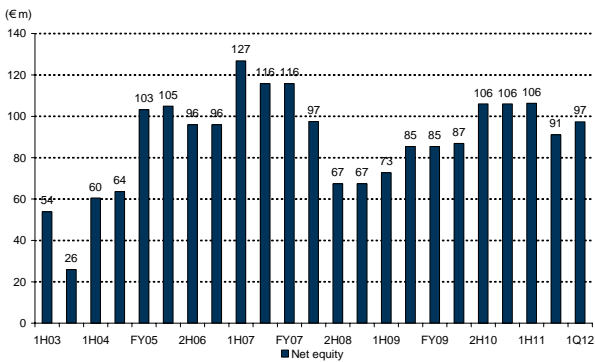
Source: KBC Securities

HISTOIRIC ANNUAL EARNINGS OVERVIEW



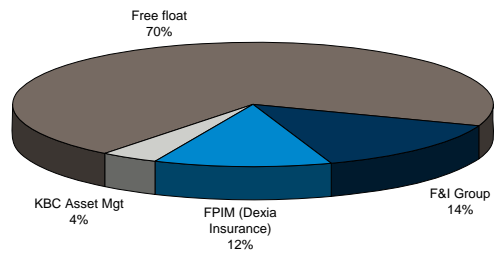
Source: KBC Securities

BALANCE SHEET OVERVIEW



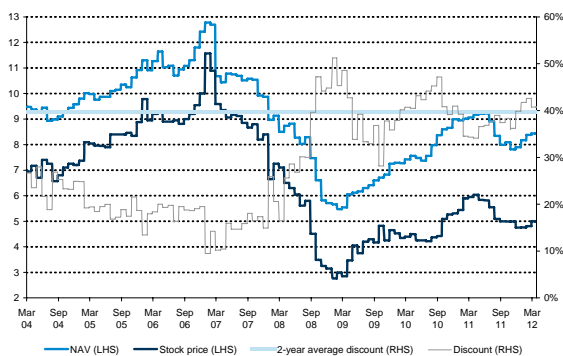
Source: KBC Securities

SHAREHOLDER STRUCTURE



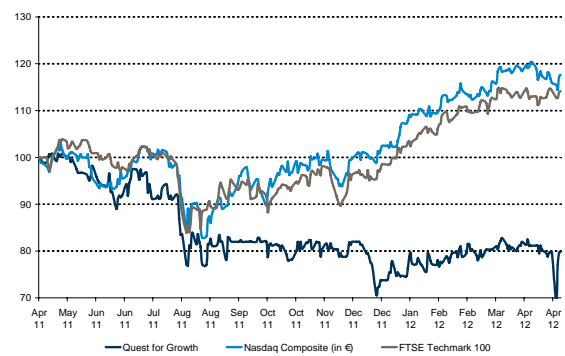
Source: KBC Securities

HISTORICAL NAV OVERVIEW



Source: KBC Securities

RELATIVE PERFORMANCES



Source: KBC Securities

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FINANCIAL DATA

Income statement (€m)	2006	2007	2008	2009	2010	2011
Sales & operating income	0.0	0.0	0.0	0.0	0.0	0.0
Result from operating activities	0.0	0.0	0.0	0.0	0.0	0.0
Result from financing activities	0.0	0.0	0.0	0.0	0.0	0.0
Result from extraordinary activities	0.0	0.0	0.0	0.0	0.0	0.0
Share of result from associates	0.0	0.0	0.0	0.0	0.0	0.0
Income taxes	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	1.0	2.0
Minorities	0.0	0.0	0.0	0.0	1.0	2.0
Net result	21.5	0.6	-48.4	18.1	20.6	-13.3
Adj. net result	21.5	0.6	-48.4	18.1	20.6	-13.3
Balance sheet (€m)	2006	2007	2008	2009	2010	2011
Intangible assets & goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Participations acc. for under equity method	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash & cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	117.6	116.5	67.7	85.6	106.1	91.2
Equity attributable to holders of the parent	95.9	115.8	67.4	85.4	106.0	91.1
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Financial debt	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total liabilities	117.6	116.5	67.7	85.6	106.1	91.2
Net debt	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow statement (€m)	2006	2007	2008	2009	2010	2011
Cash flow from operating activities	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid (consolidated)	0.0	0.0	0.0	0.0	0.0	0.0
Other cash flow from financing	0.0	0.0	0.0	0.0	0.0	0.0
Fx and changes to the consolidation scope	0.0	0.0	0.0	0.0	0.0	0.0
Change in cash & cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Per share data (€)	2006	2007	2008	2009	2010	2011
Year-end share price (€)	10.00	8.40	3.15	4.65	5.31	4.75
Year-end market cap (€m)	94.6	99.0	37.1	54.8	62.6	56.0
weighted average # shares	9,459,073	11,789,255	11,789,255	11,789,255	11,789,255	11,529,950
weighted average # shares, diluted	9,459,073	11,789,255	11,789,255	11,789,255	11,789,255	11,529,950
Basic EPS (€)	2.28	0.05	-4.11	1.53	1.74	-1.15
Diluted EPS (€)	2.28	0.05	-4.11	1.53	1.74	-1.15
NBV (€)	10.1	9.8	5.7	7.2	9.0	7.7
Adj. eq. value	12.4	9.9	9.9	7.3	9.0	7.9
Premium/disc.	19.49%	14.89%	14.89%	35.86%	42.94%	39.72%
DPS (€)	1.94	0.05	0.00	0.00	0.00	0.00
Dividend yield	19.40%	0.60%	0.00%	0.00%	0.00%	0.00%
Ratios	2006	2007	2008	2009	2010	2011
ROE	20.87%	0.65%	-41.81%	26.83%	24.07%	-12.56%
Total return	20.4%	3.4%	-61.9%	47.6%	14.2%	-10.5%
Pay-out ratio (adjusted net result)	100.0%	93.4%	0.0%	0.0%	0.0%	0.0%
P/E	4.39	159.57	-	3.03	3.04	-
P/NBV	0.99	0.86	0.55	0.64	0.59	0.61
Statutory data	2006	2007	2008	2009	2010	2011
Result from operating activities	20.7	0.3	-48.6	16.9	19.4	-15.2
Result from financing activities	0.9	0.3	0.2	1.2	1.2	1.9
Result from extraordinary activities	0.0	0.0	0.0	0.0	0.0	0.0
Income taxes	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss before tax	21.5	0.6	-48.4	18.1	20.6	-13.3
Dividend paid (statutory)	-21.5	-0.6	0.0	0.0	0.0	0.0
Financial assets	117.3	116.1	67.1	85.1	104.9	90.0
Other assets	0.3	0.4	0.6	0.5	0.3	1.2
Total assets	117.6	116.5	67.7	85.6	107.1	93.2
Capital and reserves	95.9	115.8	67.4	85.4	106.0	91.1
Provisions and deferred taxation	0.0	0.0	0.0	0.0	1.0	2.0
Liabilities	21.6	0.7	0.3	0.1	0.1	0.1
Total assets	117.6	116.5	67.7	85.6	107.1	93.2

Source: KBC Securities

*Historic valuation data are based on historic prices

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KBC Securities uses an absolute rating system including terms such as Buy, Accumulate, Hold, Reduce and Sell (see definitions below).

	Definition
BUY	Expected total return (including dividends) of 10% or more over a 6-month period
ACCUMULATE	Expected total return (including dividends) between 0% and 15% over a 6-month period
HOLD	Expected total return (including dividends) between -5% and 5% over a 6-month period
REDUCE	Expected total return (including dividends) between -15% and 0% over a 6-month period
SELL	Expected total return (including dividends) of -10% or worse over a 6-month period

Due to external factors and in exceptional cases, KBC Securities allows the use of ratings such as Accept the Offer, Black Out, No Recommendation or Suspended.

Our analysts assign one of those ratings based on their investment outlook and valuation for the concerned stock. The valuation can be based on different methodologies such as DCF (discounted cash flow), absolute multiples, peer group multiples, sum-of-parts or NAV (Net Asset Value). The valuation is reflected in a 6-month target price. Occasionally, the expected total return may fall outside of these ranges because of price movement and/or volatility. Such deviations will be permitted but will be closely monitored. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the report contains more complete information concerning the analyst's view, investors should carefully read the entire report and not infer its contents from the rating alone. KBC Securities discloses the recommendations of its reports to the issuers before their dissemination. In case the recommendation has been amended following this disclosure, such amendments will be indicated in the concerned report.

Stock rating	% of covered universe	% of covered universe with investment banking relationship during last year
BUY	27.60%	28.57%
ACCUMULATE	40.70%	42.86%
HOLD	29.30%	28.57%
REDUCE	1.60%	0.00%
SELL	0.80%	0.00%

Quest for Growth is a Belgian investment company focused on listed and unlisted growth companies with the objective of converting capital gains into tax-free income through the Privak-structure.

The price target for Quest for Growth is based on following parameters: Estimated Equity Value (NAV)

The risks which may impede the achievement of our price target are: high correlation with technology markets and sensitive to stock market fluctuations, no recurring profit, need to successfully exit unlisted investments, growth is hampered by regularity payout of realised capital gains

Below is an overview of the stock ratings and target price history in the last 12 months for the stock described in this report.

Date	Rating	Target price
27-JAN-12	Buy	€ 6.00
06-OCT-11	Accumulate	€ 6.00
22-JUN-11	Buy	€ 6.70
29-APR-11	Accumulate	€ 6.70

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