

PRIVATE EQUITY INVESTOR PLC

Annual Report
For the year ended 31 March 2008

INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The Company was launched in February 2000 and provides both private and institutional investors with a means to participate in specialised venture capital funds in the USA, a category of funds that is not otherwise accessible to many investors. The Company's objective is to achieve substantial capital appreciation for shareholders over its intended life.

Investment Policy

Risk Diversification

The Company has invested in high quality venture capital funds, managed by several different management groups, focused on various stages of growth from early stage to pre-IPO, so as to obtain exposure to a diversified underlying portfolio of investments in unlisted companies in the IT and other technology sectors. Such funds have been selected with regard to the experience and track record of the managers, their investment strategy and their strength and quality of their deal flow.

As an Investment Trust, it is the Company's policy that no single investment will represent more than 15% by value of the Company's investments at the time of investment.

The Company's policy is that it will invest no more than 15% of its gross assets in other closed-end listed investment companies (including investment trusts). The Company currently has made no such investments and the Directors do not envisage circumstances in which it is likely to do so.

Asset Allocation

The Company's investments are in funds based in the USA ("the Funds"). The Managers of the Funds invest principally in the USA and in unlisted companies. As a result of the flotation or sale of their investments, the Funds may hold listed securities and these may be distributed to the Company so that the Company may from time to time hold listed securities which, however, are unlikely to represent a significant part of the Company's investments.

The Company continues to invest in the Funds to meet existing commitments but is not making commitments to new investments. The Company proposes to make periodic returns of capital to shareholders from the return cash flows from the Funds.

Gearing

In normal circumstances the Company does not expect to borrow. The Company's Articles of Association limit borrowing to an amount broadly equal to its capital and reserves. Some investments made by the Funds may be geared but the Company does not review the level of gearing of these underlying investments.

Liquidity

Because of distributions from the Funds, the Company may hold substantial balances of liquid funds. These are held principally in open-ended investment funds pending investment in the Funds or distribution to shareholders.

INVESTMENT OBJECTIVE AND POLICY (CONTINUED)

Derivatives

The Company does not make use of financial derivatives and does not hedge against currency fluctuations.

Distribution

The Funds provide little, if any, income. Income may be generated from liquid funds and the Company may be required to pay dividends to continue to qualify as an Investment Trust. Such dividends are, however, likely to be small and irregular. In 2007, the Company made a Tender Offer to shareholders with a value of up to £12.5 million, which was fully taken up. In May 2008, shareholders approved the cancellation of the Company's Share Premium Account which, subject to the necessary court approval, will permit the creation of a special distribution reserve. This will enable the Company to make returns of capital to shareholders from time to time.

Benchmark

NASDAQ Composite Index.

Continuation Vote

Shareholders will have the opportunity to vote at the Annual General Meeting in 2014 whether to continue the Company and at five yearly intervals thereafter.

Management

The Company is self-managed. The Company has appointed Campton Group, Inc. ("Campton") which is based in San Francisco as its investment adviser and has provided it with finance with a view to developing Campton's private equity fund-of-funds management and advisory business. The Company has the right to acquire a majority stake in Campton.

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SUMMARY OF RESULTS AND FINANCIAL HIGHLIGHTS

	<i>31 March 2008 Group</i>	<i>31 March 2007 Group</i>	<i>% change</i>
Net assets and shareholders' funds in US\$	\$153,435,000	\$169,792,000	(9.63)
Net assets per ordinary share in US\$ "NAV"	359.14c	339.59c	5.76
Net assets and shareholders' funds	£77,200,000	£86,569,000	(10.82)
Net assets per ordinary share "NAV"	180.70p	173.14p	4.37
Benchmark – NASDAQ Composite Index	2279.10	2421.64	(5.89)
Mid-market price per ordinary share	144.50p	167.00p	(13.47)
Discount to NAV	20.03%	3.55%	
Net revenue return after taxation	£561,000	£566,000	
Net total return	£3,917,000	£1,174,000	
Total return per ordinary share	8.19p	2.35p	
Total expense ratio	1.23%	0.85%	
Exchange rate at year end (US \$/£)	\$1.9875	\$1.96135	

CHAIRMAN'S STATEMENT

I am pleased to present the results for Private Equity Investor PLC ("PEI" or "the Company") for the year ended 31 March 2008.

Results and dividend

The Group's Net Asset Value ("NAV") at 31 March 2008 was 180.70p, compared with 173.14p a year earlier, an increase of 4.37%. The NAV per share in dollars, the currency in which the Group's investments are made, rose from 339.59c per share to 359.14c per share, an increase of 5.76%. By comparison the NASDAQ Composite Index fell by 5.89% (from 2421.64 to 2279.10). The dollar exchange rate moved from \$1.96 at 1 April 2007 to \$1.99 at 31 March 2008.

During the year, the Company generated investment income and a final dividend of 1.1p per Ordinary share will be paid on 2 October 2008 to shareholders on the Register on 8 August 2008.

Distributions from fund investments

As at 31 March 2008 the Company was invested in 23 venture funds valued at \$96.0 million. PEI's year-end cash and readily realisable assets totalled \$56.1 million, compared with outstanding commitments of \$24.7 million. Of this figure approximately \$8.3 million is due to be called from the original portfolio and \$16.4 million from the five "warehoused" funds.

In the twelve months under review the Company continued to receive a high level of distributions in cash and securities from its venture capital funds ("Funds"), although at a slightly lower level than the previous two years. The total value of distributions received was \$28.9 million compared with \$32.5 million in the previous year and \$31.4 million in 2006. Of the \$28.9 million, cash distributions amounted to \$21.5 million and stock to \$7.4 million. The two largest cash distributions came from the Company's holding in Focus Ventures II. Some \$7.2 million was received as a result of the purchase for \$1.4 billion in cash of Equal Logic a company in which Focus held just under 8%. According to Venture Source, this transaction represented the largest all cash M&A exit for a venture backed technology company and resulted in a return on investment for Focus of over thirteen times. A further \$2.2 million came from Focus's sale of half their holding in Starent Networks. These shares were sold in a secondary offering for approximately nine times original cost.

During the year under review, PEI received stock distributions in DivX, a Zone Ventures II holding, totalling 210,781 shares with a further 38,512 shares received after the year end in May. These shares had a total value at the distribution price of \$2,490,188 compared with the original investment cost of \$188,312.

Tender Offer

On 12 November 2007, shareholders were sent a circular informing them that the Company proposed making a Tender Offer to purchase shares with a value of up to £12.5 million. The Offer was completed in full on 13 December with 7,276,592 shares being purchased for cancellation at a price of 171.7818 pence per share. Following the Offer, there are now 42,723,408 shares in issue. In May 2008, shareholders approved the cancellation of the Company's Share Premium Account which, subject to the necessary court approval, will permit the creation of a special distributable reserve. This will enable the Company to make further returns of capital to shareholders.

Portfolio Review

As at 31 March 2008, the Funds held underlying investments in over 495 private and over 60 public companies together representing approximately 63% of the Company's net asset value (2007: 61%). The Funds made 137 new investments (2007: 116), and 234 follow-on investments (2007: 202) which resulted in draw downs totalling \$9.5 million (2007: \$11.6 million). A total of 145 underlying investments were written up (2007: 145) by the Funds, 206 were written down (2007: 112), and 43 underlying investments were written off (2007: 74). Of the 18 Funds that make up the original portfolio, 10 reported a gain in value over the period. Of the five Funds that make up the warehoused portfolio, 2 reported a gain in value over the period. These Funds made 90 new investments, which resulted in draw downs by the warehoused portfolio Funds totalling \$4 million. A total of 12 underlying investments were written up by these Funds, 11 were written down and none were written off.

CHAIRMAN'S STATEMENT (CONTINUED)

Distributions from the original portfolio during the year totalled \$27.5 million. Of this, cash distributions amounted to \$21.5 million compared with \$13.1 million in 2007 and \$20.3 million in 2006. The balance of \$6 million was received in the form of stock distributions compared with \$19.4 million received in 2007 and \$11.1 million in 2006. The warehoused portfolio returned a total of \$0.4 million in distributions, largely from Francisco Partners II.

During the period under review, eleven of PEI's underlying portfolio companies undertook IPO's:

Amicus Therapeutics (NEA 9); develops drugs that treat rare genetic diseases known as lysosomal storage disorders. The Company's enzyme replacement therapies are designed to target defective proteins and restore their functions.

Athenahealth (DFJ VII); provides health care organisations with Web-based software and services that streamline practice management, workflow routing, revenue management, patient information management, billing and collection and other health care management tasks. Athenahealth was the largest IPO in the Technology sector in the third quarter of 2007 (\$113.2 million issue).

Compellent Technologies (Crescendo IV); Storage Centre, the company's main product, is a storage area network (SAN) that enables users to deposit, recover and manage large amounts of data.

Data Domain (NEA 10); develops disk-based storage appliances for data backup and disaster recovery. Based on proprietary compression technology, its systems are compatible with backup software from providers such as CommVault Systems, EMC Corporation, IBM and Symantec.

EnerNOC (DFJ VI); EnerNOC's Network Operations Centre (NOC) remotely monitors customers' energy assets and has the capability to adjust their electrical use (whether its dimming the lights, adjusting the AC or turning on emergency generators). It caters to commercial, industrial and institutional organisations, as well as electric power grid operators and utilities.

Entropic Communications (Focus II); a fabless semiconductor company that designs specialised chipsets for video and broadband multimedia applications. The company's c.LINK technology enables networking among high-definition TVs, digital video recorders and set-top boxes.

Infinera (Sprout IX); a manufacturer of high capacity optical transmission equipment for the service provider market. Infinera's chips are made from indium phosphide, a specialised compound semiconductor material that offers faster performance than standard silicon.

Neutral Tandem (NEA 10); provides third-party interconnection services to competitive carriers via tandem switches, which allow wireline, wireless and broadband phone providers to exchange traffic between networks without direct connections.

Spreadtrum Communications (DFJ ePlanet); designs and markets baseband communications chips for the wireless telecom market. Its semiconductors, which are compatible with a range of international wireless standards, are sold to manufacturers of cell phones who incorporate them into their products.

Starent Networks (Focus II); makes infrastructure equipment used by wireless carriers to offer enhanced voice and data services such as video, multimedia messaging and internet service. Its ST16 Intelligent Mobile Gateway helps cellular companies as they move from second to third-generation networks.

Virtusa (Focus II); believes that virtually any business can improve its technology and provides a variety of software development and information technology services, including software engineering, application development, training, maintenance, systems design and legacy migration.

Campton Group

As previously reported to Shareholders, Campton advises the Company on its existing portfolio and intends to develop a fund-of-funds management and advisory business that may provide services to both the Company and third parties. The Board has allocated up to \$40 million to assist Campton in developing its business and with part of these funds commitments have been made to five highly regarded venture capital funds. It is intended to transfer these investments to a new fund-of-funds vehicle which Campton is currently engaged in raising. Providing that Campton is successful in its fund raising activities, PEI will be reimbursed for its contribution to the fund launch

CHAIRMAN'S STATEMENT (CONTINUED)

costs as well as the costs of these recently committed "warehoused" funds. The Company will benefit from this arrangement through the development of Campton's fund management business in which it will have a significant equity interest.

Market Overview

In 2007, some 235 US venture capital funds raised \$34.7 billion. This level of fundraising compares with \$106.6 billion (635 funds) reached in the year 2000 at the height of the dotcom boom. Thereafter, there was a sharp decline to \$3.9 billion (179 funds) in 2002, rising steadily each year after that to \$28.2 billion (228 funds) in 2005 and \$31.7 billion (229 funds) in 2006. In the first quarter of 2008, 57 venture capital firms raised \$6.3 billion compared with 83 funds raising a similar amount in the first quarter of 2007.

Venture capitalists invested \$29.4 billion in 3,813 deals in 2007, marking the highest yearly investment total since 2001 according to the Money Tree Report from PricewaterhouseCoopers and the National Venture Capital Association, based on data from Thomson Financial. The total invested in 2007 represents a 10.8% increase in dollars and a 5% increase in deal volume over 2006. Much of the increase in investments over the prior year can be attributed to record investment levels in the Clean Technology and Life Sciences sectors as well as strong investment levels in internet-specific companies. Investments into later stage companies increased substantially with \$12.2 billion invested in 1,168 later stage deals during the year, compared to \$9.8 billion in 1,006 deals in 2006. In the first quarter of 2008, \$7.1 billion was invested in 922 deals, down from the fourth quarter of 2007 when \$7.8 billion was invested in 1,045 deals. Despite this decline, the first quarter was the fifth highest investment quarter since 2001.

In 2007 there were 86 venture-backed Initial Public Offerings ("IPOs"), raising \$10.3 billion, compared with 57 IPOs raising \$5.1 billion in the previous year. The venture-backed merger and acquisition market saw 56 deals completed in the first quarter of 2008 with a disclosed deal size of \$2.5 billion, compared with 82 deals in the first quarter of 2007 with a disclosed deal size of \$4.5 billion.

Outlook

In common with many other investment trusts, the difference between the Group's NAV and share price (the "discount") has widened and at 31 March 2008 stood at 20.03% compared with 3.55% a year earlier. The Directors consider that the increased discount does not appropriately reflect the performance and prospects of the Group, which remain strong.

It is clear that the sub-prime debacle and subsequent credit crunch, and the rising price of oil are having an adverse impact on the US and other economies and that financial markets are currently volatile and nervous. There are, however, companies in the various Funds that continue to make solid progress and, although timing is always difficult to predict, a number of these should be M&A candidates in the reasonably near term or IPO candidates when the market returns. We have been pleased by the continuing level of distributions during the past year and expect to see further distributions in the current year albeit, perhaps at a lower level. We also expect, during the current year, to make a further return of capital to shareholders.

On 29 May 2008 shareholders approved the application to the Courts to cancel the share premium account. If approved this will enable the Company to make further returns of capital to shareholders.

New Articles of Association

We are asking shareholders to approve a number of amendments to our articles of association primarily to reflect the provisions of the Companies Act 2006. An explanation of the main changes between the proposed and the existing articles of association is set out in the appendix on page 53 of this document.

The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Your Board will be voting in favour of them and unanimously recommends that you do so as well.

REVIEW OF INVESTMENTS

Summary of Individual Venture Capital Funds Investments:

Name	Vintage	Fund size US\$(M)	PEI total commitment US\$	Total called capital 31 March 2008 US\$
				US\$
APV Technology Partners III	1999	109	5,000,000	5,000,000
Bay III	2000	179	5,000,000	4,900,000
Crescendo IV	2000	574	10,000,000	10,000,000
Dawntreader Fund II	2000	202	30,000,000	28,500,000
Draper Fisher Jurvetson ePlanet Ventures	1999	646	30,000,000	28,050,000
Draper Fisher Jurvetson Fund VI	1999	378	2,000,000	2,000,000
Draper Fisher Jurvetson Fund VII	2000	643	5,000,000	4,702,500
Draper Fisher Jurvetson Gotham Venture Fund	1999	86	3,000,000	2,775,000
Focus Ventures II	2000	443	30,000,000	28,050,000
Francisco Partners II	2005*	2,200	5,000,000	2,462,500
Institutional Venture Partners XII	2007	600	5,000,000	750,000
New Enterprise Associates 9	1999	880	5,000,000	4,919,438
New Enterprise Associates 10	2000	2,300	10,000,000	9,400,000
New Enterprise Associates 12	2006	2,500	3,000,000	1,035,000
Oak Investment Partners X	2000	1,600	10,000,000	10,000,000
Sprout Capital IX	2000	1,080	3,750,000	3,493,486
Technology Crossover Ventures IV	2000	1,640	25,000,000	23,782,500
Vanguard VII	2000	211	3,000,000	2,850,000
VantagePoint Venture Partners IV	2000	1,400	10,000,000	10,000,000
VantagePoint Venture Partners 2006 Fund	2006	1,000	5,000,000	1,000,000
Vector Capital IV	2007	1,200	4,000,000	334,566
Zone Venture Fund II	1999	97	10,000,000	10,000,000
Zone Venture Fund II Annex	2004	4	400,000	400,000
			<u>219,150,000</u>	<u>194,404,990</u>

* Francisco Partners considers their FPII fund to be 2006 vintage.

Portfolio summary

	31 March 2008 US\$	31 March 2007 US\$	31 March 2006 US\$
Total called capital	194,404,990	184,942,600	173,304,600
Total distributions	109,795,000	80,897,300	48,420,000
Net asset value per ordinary share	359.14c	339.59c	296.23c

Review of Individual Venture Capital Funds

APV Technology Partners III

APV invests primarily in early stage, privately held information technology companies. APV works with companies that have experienced management, address substantial growing markets and which possess proprietary or innovative technology.

Total committed capital	\$109m
Private Equity Investor commitment	\$5m
Called capital (31 March 2008)	\$5m

Bay III (www.baypartners.com)

Bay Partners has been active in early stage technology investment since 1976, funding over 200 technology and healthcare start-up companies to date with over one billion dollars of capital under active management. Bay looks for companies with real technology differentiation with the aim of building large, substantial companies.

Bay III invests primarily in California and the Pacific North West, typically investing between one to ten million dollars in seed to early stage companies.

Total committed capital	\$179m
Private Equity Investor commitment	\$5m
Called capital (31 March 2008)	\$4.9m

REVIEW OF INVESTMENTS (CONTINUED)

Crescendo IV (www.crescendoventures.com)

Crescendo is an internationally focused venture capital firm with offices in Palo Alto, California, London and Minneapolis. It has raised five venture capital funds and currently manages over one billion dollars. The Group has managed technology investments in over 150 companies, concentrating on software system, component and service companies that are focused on delivering new solutions based on technical, market or business model innovation. Crescendo typically invest in early stage technology companies that have begun to demonstrate the potential for market leadership. Investments have been made in the US, the UK, Continental Europe and Israel.

Total committed capital	\$574m
Private Equity Investor commitment	\$10m
Called capital (31 March 2008)	\$10m

Dawntreader Fund II (www.dtventures.com)

Formed in 1998, Dawntreader Ventures is a New York-based venture capital firm, managing \$270 million, focusing primarily on early stage information technology companies investing in software, internet and digital media companies. The group has made some 30 investments and achieved a number of successful exits.

Total committed capital	\$202m
Private Equity Investor commitment	\$30m
Called capital (31 March 2008)	\$28.5m

Draper Fisher Jurvetson ePlanet Ventures (www.dfj.com/network/about_eplanet.html)

Draper Fisher Jurvetson ePlanet Ventures (DFJ ePlanet) is a joint venture with Draper Fisher Jurvetson and is a global venture capital firm that operates offices in Silicon Valley, California, Singapore, Beijing and Shanghai, Hong Kong, Seoul, London, Tokyo and New Delhi.

Founded in 1999 to take advantage of the growing trend towards the globalisation of technology, DFJ ePlanet focuses on a broad range of interests in the information technology, life sciences and medical device sectors. The company focuses on expansion and later stage investments in the US and in seed to late stage investments in Europe, Israel and Asia. DFJ ePlanet has made investments in sectors such as the internet wireless communications and applications, semiconductor design, VOIP, broadband and other emerging services sectors.

Total committed capital	\$646m
Private Equity Investor commitment	\$30m
Called capital (31 March 2008)	\$28.05m

Draper Fisher Jurvetson Fund VI & Fund VII (www.dfj.com)

Founded in 1985, Draper Fisher Jurvetson has created a global network of affiliated venture funds and has offices in more than 33 major technology centres around the world. DFJ has approximately \$5.5 billion in capital commitments and has backed 400 companies over the past 20 years. Since 1985 the firm has focused on investing in seed or start-up venture capital rounds primarily in a broad range of information technology companies.

Total committed capital (Fund VI)	\$378m
Private Equity Investor commitment (Fund VI)	\$2m
Called capital (31 March 2008)	\$2m
Total committed capital (Fund VII)	\$643m
Private Equity Investor commitment (Fund VII)	\$5m
Called capital (31 March 2008)	\$4.703m

REVIEW OF INVESTMENTS (CONTINUED)

Draper Fisher Jurvetson Gotham Venture Fund (www.dfjgotham.com)

This fund is a DFJ affiliate fund investing in early stage technology companies located in the US, primarily along the Northeast Coast, as well as companies of Israeli origin intending to enter the US market. The fund's objective is to achieve superior returns for its investors through investing \$1–\$3 million in a company initially and reserving sufficient capital for larger follow on investments in innovative companies which serve large markets.

Total committed capital	\$86m
Private Equity Investor commitment	\$3m
Called capital (31 March 2008)	\$2.775m

Focus Ventures II (www.focusventures.com)

This partnership focuses on investments in expansion stage private technology companies that have moved beyond the initial seed or start-up phase of their development, have completed initial product development and are beginning to expand the marketing of their products or services. The partnership concentrates on making investments in the software, communications and semiconductor sectors at a stage where it believes the technical risk has been largely resolved. Investments are typically in the \$3–\$15 million range, with Focus serving as lead investor in approximately half of the rounds in which they participate.

Total committed capital	\$443m
Private Equity Investor commitment	\$30m
Called capital (31 March 2008)	\$28.05m

Francisco Partners II (www.franciscopartners.com)

Francisco Partners, based in San Francisco, California, have approximately \$5.0 billion of committed capital under management. They invest in divisional divestitures, acquisitions of private and public companies, and strategic minority investments in public and private companies. The group has a team of 30 investment professionals worldwide and seeks investments ranging from, in some cases, less than \$25 million to over \$2 billion. Francisco are active across a broad range of technology sectors including semiconductors and capital equipment, electronics components and manufacturing, IT services and business process outsourcing (BPO), communications, security, and application and infrastructure software.

Total committed capital	\$2.2 billion
Private Equity Investor commitment	\$5m
Called capital (31 March 2008)	\$2.463m

Institutional Venture Partners XII (www.ivp.com)

With more than \$2.2 billion of committed capital, Institutional Venture Partners (“IVP”) is one of the premier later-stage venture capital firms in the United States. Founded in 1980, IVP invests in venture growth, industry consolidations, recapitalisations and select public market transactions. During its 28-year history, IVP has invested in over 200 companies – with more than 80 IPOs to its credit. IVP XII, a \$600 million fund, focuses on investments in rapidly-growing information technology companies covering three target sectors: Communications and Wireless, Internet and Digital Media and Enterprise IT companies.

Total committed capital	\$600m
Private Equity Investor commitment	\$5m
Called capital (31 March 2008)	\$0.75m

REVIEW OF INVESTMENTS (CONTINUED)

New Enterprise Associates 9, 10 & 12 (www.nea.com)

New Enterprise Associates was set up in 1978 and invests primarily in the technology and healthcare industries. The combined contributed capital for NEA partnerships to date is over \$8.5 billion in 13 funds. NEA is a classic early stage venture capital firm and, while many of its investments are in the seed and start-up stages of development, it also invests in expansion and mezzanine financings. With offices in Menlo Park, California, Reston, Virginia and Baltimore, Maryland, a majority of NEA's portfolio companies are close to an NEA office. NEA has funded over 500 companies, of which more than 160 have gone public and more than 230 have successfully merged or been acquired.

Total committed capital (NEA 9)	\$880m
Private Equity Investor commitment (NEA 9)	\$5m
Called capital (31 March 2008)	\$4.919m
Total committed capital (NEA 10)	\$2.3 billion
Private Equity Investor commitment (NEA 10)	\$10m
Called capital (31 March 2008)	\$9.4m
Total committed capital (NEA 12)	\$2.5 billion
Private Equity Investor commitment (NEA 12)	\$3m
Called capital (31 March 2008)	\$1.035m

Oak Investment Partners X (www.oakinv.com)

Oak Investment Partners is a multi stage venture capital firm with a total of \$8.4 billion in committed capital. Investments are primarily focused on growth opportunities in enterprise application and infrastructure software, communication equipment and services, data storage, financial services technology, outsourced services, healthcare services and retail. For over 29 years, Oak has achieved a strong track record funding more than 435 companies at various points in their lifecycle. Oak seeks ownership levels of at least 15% with many positions greater than 50%. Investments will typically range from \$15–100 million.

Total committed capital	\$1.6 billion
Private Equity Investor commitment	\$10m
Called capital (31 March 2008)	\$10m

Sprout Capital IX (www.sproutgroup.com)

Originally founded in 1969, Sprout invests in emerging technology companies and is the venture capital affiliate of Credit Suisse First Boston. The Sprout Group has raised total committed capital of nearly \$3 billion and financed over 350 companies. The fund's targeted industry segments are communications, software and healthcare technology and in industries with rapid long-term growth or that are experiencing significant structural changes. Sprout Group seeks existing or potential market leaders within these sectors and will invest in companies at all stages from start-up through to buyout.

Total committed capital	\$1.08 billion
Private Equity Investor commitment	\$3.75m
Called capital (31 March 2008)	\$3.493m

Technology Crossover Ventures IV (www.tcv.com)

Technology Crossover Ventures ("TCV") invests in expansion and late stage companies in a broad range of sectors including software, communications, infrastructure, services and semiconductors. The group also invests in public companies through private (PIPE) and public transactions. TCV has \$7.7 billion under management and has financed over 150 companies. It has helped companies and their management teams achieve over 40 IPOs and 25 strategic sales or mergers.

Total committed capital	\$1.64 billion
Private Equity Investor commitment	\$25m
Called capital (31 March 2008)	\$23.783m

REVIEW OF INVESTMENTS (CONTINUED)

Vanguard VII (www.vanguardventures.com)

Founded in 1981, Vanguard is an early stage venture capital firm specialising in the communications, life sciences and information technology fields with offices in Palo Alto, California, and Houston, Texas. Vanguard has \$500 million under management and has invested in over 120 companies, 30 of which have had notable success including public companies such as Advanced Fibre Communications, Cobalt Networks, Ciena, Endotherapeutics, Network Appliance, Digital Island and ZipRealty.

Total committed capital	\$211m
Private Equity Investor commitment	\$3m
Called capital (31 March 2008)	\$2.85m

VantagePoint Venture Partners IV and 2006 Fund (www.vpvp.com)

Since 1996 VantagePoint has raised over \$4 billion of committed capital and is an active multi-stage investor with offices in San Bruno, California, New York and Montreal. The fund seeks investment opportunities that typically require \$15-\$50 million ranging from start-ups to pre-IPO funding but also has the capacity to invest in excess of \$100 million in support of a single company. VantagePoint prefers to take a position of some substance and has served as the sole or co-lead investor in more than 150 of its portfolio companies, and has helped more than 600 companies complete IPO's or M&A transactions. The investment focus falls into three key areas: CleanTech (the application of technology to energy, water and materials), Healthcare and Technology companies.

Total committed capital (VPVP Fund IV)	\$1.4 billion
Private Equity Investor commitment (VPVP Fund IV)	\$10m
Called capital (31 March 2008) (VPVP Fund IV)	\$10m

Total committed capital (VPVP 2006 Fund)	\$1.0 billion
Private Equity Investor commitment (VPVP 2006 Fund)	\$5m
Called capital (31 March 2008) (VPVP 2006 Fund)	\$1m

Vector Capital IV (www.vectorcapital.com)

Vector Capital is a specialist investor in small-cap buy-outs, restructurings and spin-outs in the technology sector. Vector received substantial press coverage for its highly successful take-private of Corel Corporation, the maker of WordPress software. Vector Capital was founded in 1977 and has, with the closing of Fund IV, over \$2 billion in capital under management. Vector are highly selective, choosing to invest in only a handful of opportunities each year – they invest in technology companies that have at least \$30 million in revenue, strong customer bases and high gross profit margins.

Total committed capital	\$1.2 billion
Private Equity Investor commitment	\$4m
Called capital (31 March 2008)	\$0.335m

Zone Ventures Fund II (www.zonevc.com)*

Zone focuses on early stage technology investments and is the Southern California affiliate to Draper Fisher Jurvetson. Zone has built strong relationships with universities, R&D labs, entrepreneurs and financial institutions and aims to bridge the gap between new technology and investment capital. Zone has concentrated on making investments in the southern California area but does consider investments outside California.

Total committed capital	\$97m
Private Equity Investor commitment*	\$10m
Called capital (31 March 2008)*	\$10m

* Does not include the Company's investment in the Annex Fund of \$400,000.

Portfolio summary

Total Commitment	\$219,150,000
Total Called capital at 31 March 2008	\$194,404,990

INVESTMENT PORTFOLIO

as at 31 March 2008

	<i>Total commitment</i> US\$'000	<i>Fair Value</i> US\$'000	<i>Fair Value</i> £'000	<i>% of net assets</i> 2008	<i>% of net assets</i> 2007
<i>Unquoted Venture Capital Funds</i>					
APV Technology Partners III	5,000	612	308	0.4	0.6
Bay III	5,000	395	199	0.3	0.4
Crescendo IV	10,000	4,502	2,265	2.9	2.5
Dawntreader Fund II	30,000	15,029	7,562	9.8	10.2
Draper Fisher Jurvetson ePlanet Ventures	30,000	13,780	6,934	9.0	8.4
Draper Fisher Jurvetson Fund VI	2,000	1,602	806	1.0	0.9
Draper Fisher Jurvetson Fund VII	5,000	3,636	1,830	2.4	1.9
Draper Fisher Jurvetson Gotham Venture Fund	3,000	2,089	1,051	1.4	1.1
Focus Ventures II	30,000	9,465	4,762	6.2	8.1
Francisco Partners II	5,000	2,164	1,089	1.4	0.5
Institutional Venture Partners XII	5,000	698	351	0.5	–
New Enterprise Associates 9	5,000	1,720	865	1.1	1.0
New Enterprise Associates 10	10,000	6,202	3,120	4.0	3.6
New Enterprise Associates 12	3,000	1,017	512	0.7	0.2
Oak Investment Partners X	10,000	7,096	3,570	4.6	3.2
Sprout Capital IX	3,750	1,691	851	1.1	1.3
Technology Crossover Ventures IV	25,000	10,469	5,267	6.8	6.0
Vanguard VII	3,000	1,353	681	0.9	0.8
VantagePoint Venture Partners IV	10,000	8,295	4,174	5.4	4.6
VantagePoint Venture Partners 2006 Fund	5,000	871	438	0.6	0.1
Vector Capital IV	4,000	277	139	0.2	–
Zone Ventures II	10,000	2,689	1,353	1.7	5.6
Zone Ventures II Annex	400	330	166	0.2	0.4
Total Unquoted Venture Capital Funds	219,150	95,982	48,293	62.6	61.4
<i>Open-ended Investment Funds</i>					
Global Treasury Funds Plc	–	15,000	7,548	9.8	12.3
JP Morgan USD Liquidity Distribution Fund	–	16,000	8,050	10.4	11.8
Merrill Lynch Institutional USD Fund	–	16,000	8,050	10.4	12.3
Total Open-ended Investment Funds	–	47,000	23,648	30.6	36.4
<i>Other Investments held directly by the Company</i>					
<i>Common Stock*</i>					
Artemis International Solutions	–	–	–	–	–
BakBone Software Inc	–	29	14	–	–
Broadcom Corporation Class A	–	11	6	–	–
Divx Inc	–	1,004	505	0.7	0.4
Total Other Investments	–	1,044	525	0.7	0.4
Total Investments	219,150	144,026	72,466	93.9	98.2
Other non-current assets		8	4	–	0.2
Net current assets		9,401	4,730	6.1	1.6
Net assets		153,435	77,200	100.0	100.0

* These were acquired as distributions from the portfolio of Venture Capital Funds

DIRECTORS AND SECRETARY

The following are the Directors of the Company:

Peter Dicks (appointed to the Board on 20 June 2002 and appointed Chairman on 28 July 2004) (Non-Executive Director) is aged 65. He was co-founder of Abingworth Plc in 1974, having previously pursued a career in stockbroking. He specialised in the selection and management of North American unquoted securities. He is chairman of Daniel Stewart Securities PLC, Foresight Technology VCT, SVM Ofex Fund PLC, Foresight 2 VCT PLC, Foresight 3 VCT PLC, Foresight 4 VCT PLC, Waterline Group Plc, Sporting Bet Plc and Unicorn AIM VCT and a director of Polar Capital Technology Trust PLC, Graphite Enterprise Trust Plc, Mears Group Plc and Standard MicroSystems Corporation (a US Nasdaq listed company), Gartmore Fledgling Trust PLC, SVM UK Emerging Fund PLC and a number of other companies.

Colin Kingsnorth (appointed 22 October 2004), (Non-Executive Director) is aged 44. He has, since October 1999, been director and fund manager of Laxey Partners Limited and is a non-executive director of the Laxey Investment Trust PLC. He holds a BSc in Economics and is an associate member of the Institute of Investment Management and Research. Laxey Partners Limited are managers of funds which own 27.72% of the Company.

Rory Macnamara (appointed 22 October 2004), (Non-Executive Director) is aged 53. Having qualified as an accountant with PriceWaterhouse, Mr Macnamara began a seventeen year career in corporate finance at Morgan Grenfell & Co Limited in 1981 during which he rose to become head of advisory and deputy chairman. During his time at Morgan Grenfell he advised on a large range of public and private M&A transactions, fund raisings and flotations as well as gaining fixed income experience working with debt advisory teams, most notably during his secondment to Eurotunnel. He joined Lehman Brothers as Head of UK Coverage in 1999 and has been an independent consultant since 2002. Mr Macnamara is chairman of Izodia Plc and Goshawk Insurance Holdings Plc and a director of Raven Mount Plc, Dunedin Income Growth Investment Trust PLC and Augean PLC and holds various other company directorships.

Lady Barbara Judge (appointed 25 January 2000), (Non-Executive Director; was formerly the Executive Chairman of the Company until 28 July 2004) is aged 61. She is a lawyer, an international banker and entrepreneur. Lady Judge was formerly a Commissioner of the US Securities & Exchange Commission and an executive director of Samuel Montagu and News International, among others. Lady Judge is currently chairman of the UK Atomic Energy Authority and deputy chairman of Friends Provident Plc and a non-executive director of Quintain Estates and Development Plc, Portmeirion Group Plc, Hardy Underwriting Group Plc, Nationwide Accident Repair Services Plc, Robert Walters Group Plc and Planet Group Inc.

David Quysner CBE (appointed 22 October 2004), (Non-Executive Director) is aged 61. He has spent more than 35 years in venture capital with 3i and subsequently with Abingworth, of which he is currently non-executive chairman and has wide experience of making and managing investments in technology companies in both the USA and the UK. He was chairman of the British Venture Capital Association in 1996/97. He is non-executive chairman of Capital for Enterprise Limited, which manages investment programmes focused on SMEs on behalf the Department for Business Enterprise and Regulatory reform. He is also chairman of RCM Technology Trust Plc and a director of ANGLE Plc, Foresight 2 VCT Plc and Medical Research Council Technology Limited.

SECRETARY

Capita Sinclair Henderson Limited provides company secretarial and administrative services for the Company. It provides similar services for a number of other investment trusts. Capita Sinclair Henderson Limited is a subsidiary of The Capita Group Plc.

DIRECTORS' REPORT AND BUSINESS REVIEW

The Directors of Private Equity Investor PLC (“PEI” or “the Company”) present their Report and Business Review for the year ended 31 March 2008.

Business Review

Introduction

The Directors' Report includes a Business Review intended to present a balanced and comprehensive analysis of the development and performance of the business of the Company during the financial year and the position of the Company at the year end, together with a description of the principal risks and uncertainties facing the Company and an indication of the likely future developments in its business. The Directors also include an analysis using key performance indicators to aid understanding of the above.

Business of the Company

The principal activity of the Company is to carry on business as an investment trust. The Directors do not envisage any change to this activity in the future.

A review of the Company's activities is given in the Chairman's Statement on pages 4 to 6 and in the Review of Investments on pages 7 to 11.

Results and dividends

The results for the year are set out in the consolidated Income statement on page 29. During the year the Company received increased income from the surplus un-drawn cash that had been invested in open-ended investment companies. To meet the requirements of Section 842 of the Income and Corporation taxes Act 1988 the Company may not retain more than 15% of its income from shares and securities. The Directors are therefore recommending the payment of a final dividend of 1.1p per Ordinary share, payable on 2 October 2008, to shareholders on the register on 8 August 2008.

Status

The Group comprises of Private Equity Investor Plc (“the Company”) and Campton Group Inc. a company registered in the United States providing private equity investment products and services. Campton acts as investment adviser to the Company.

The Company is an investment company as defined under Section 833 of the Companies Act 2006, and was incorporated and registered in England on 19 January 2000. Its shares are listed on the London Stock Exchange.

The Company has received written approval from HM Revenue and Customs as an authorised investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the accounting year ended 31 March 2007. In the opinion of the Directors, the Company has subsequently directed its affairs so as to enable it to continue to qualify for and seek such approval. The Articles of Association provide for shareholders to consider the continuation of the Company as an investment trust at the Annual General Meeting to be held in 2014 and at every fifth subsequent Annual General Meeting thereafter.

The Company's shares qualify as investments in Individual Savings Accounts (“ISAs”).

Investment objective

The Company's objective is to achieve substantial capital appreciation for shareholders over its intended life.

Investment policy

The Company's policy has been to invest in high quality venture capital funds, managed by several different management groups, focused on various stages of growth from early stage to pre-IPO, so as to obtain exposure to a diversified underlying portfolio of investments in unlisted companies in the IT and other technology sectors. Such funds have been selected with regard to the experience and track record of the managers, their investment strategy and their strength and quality of their deal flow.

Further details of the Investment Policy are provided on the inside front cover of this report.

DIRECTORS' REPORT AND BUSINESS REVIEW (CONTINUED)

Net asset valuation

The net asset value per ordinary share at 31 March 2008 was 180.70p (2007: 173.14p)

Venture Capital Funds are stated at Directors' valuation with reference to IPEVC guidelines which is in accordance with the valuations provided by the managers of those funds which are received by the Company at least quarterly. The valuation methodology normally used by these funds is that the underlying investments are valued at fair value determined in accordance with the relevant limited partnership agreement. In the case of marketable securities, the valuations are typically based on a mark to market basis. In the case of non-listed securities, the valuations are at fair value after applying a discount to reflect liquidity and market conditions. Venture Capital Funds value portfolios in accordance with Financial Accounting Standards Board's FAS 157 which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value-measurements, this accords with the Company's accounting policy for valuations.

Investment trust status

The Directors seek to meet the requirements of Section 842 of the Income and Corporation Taxes Act 1988 which has been achieved in each year from launch up to 31 March 2007. The Directors are of the opinion that the requirements will continue to be met in full for the year ended 31 March 2008.

Key performance indicators

Benchmark

The Company's underlying portfolio consists of quoted and unquoted stocks primarily in the United States and Asia, but also in Europe and an appropriate benchmark is not available for direct comparison. The Company has selected the NASDAQ Composite Index as its most appropriate index against which to monitor the Company's performance. This index is a reliable, publicly available and consistently updated measure of the share performance of a broad spread of companies (albeit quoted) representative of the businesses in which PEI has invested. The Company's performance against its selected benchmark is referred to in the Chairman's Statement on page 4.

Total expense ratio

The Directors maintain an objective to run the Company efficiently and monitor its operational expenses on an ongoing basis. The total expense ratio is shown on page 3.

Discount

The Directors regularly monitor the level of discount at which the Group's shares are trading. On 31 March 2008 the Group's share price stood at a discount of 20.03% to net asset value, compared to 3.55% twelve months earlier.

Principal risks and uncertainties, and their mitigation

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. Full details of how the Board fulfils this role are shown on pages 21 and 22.

The principal risks and uncertainties identified by the Board are discussed below, together with an outline of how the Board recognises and seeks to control these risks. Mitigation of the principal risks is sought and achieved as far as possible. Further information regarding risks is set out in note 18 on pages 46 to 50.

DIRECTORS' REPORT AND BUSINESS REVIEW (CONTINUED)

Stock market performance risk

The funds in which the Company is invested seek to realise their own investment objectives by selling or floating their investee companies. Consequently a proportion of the Company's underlying investments is in publicly quoted stocks (listed primarily on the NASDAQ) – either as a result of IPOs or as a result of trade sales in which the consideration has been by way of equity in the acquirer.

When such shareholdings are distributed, it is the Company's normal policy to sell them, ideally close to the distribution price, as soon as possible. There may be instances where the Company determines to hold distributed shares in an effort to obtain a more advantageous selling price. However, this practice will also expose the Company to market risk. The details of the Company's investment portfolio given on page 12 show that directly held publicly quoted investments amounted to 0.7% of the Company's net assets as at 31 March 2008.

Company and fund performance risk

By their nature, investments in new and unlisted companies often present greater risk than those in more established enterprises. In addition, the venture capital funds themselves may be subject to variable performance or investment selection. The Company seeks to mitigate this risk through the diversification of its investment across a range of LP venture funds (currently 23) which are themselves invested in over 450 underlying companies.

Over commitment risk

To optimise its capital returns to shareholders, the Company's policy during its initial investment period was to make commitments to the venture funds in which it invested that were in excess of the funds at its disposal, in the expectation that realisations during the life of the Company would fund this over-commitment. As at 31 March 2008 the Company was not over-committed.

Exchange rate risk

The majority of the Company's assets are held in US dollar denominated securities and, therefore, shareholders investing in the Company's shares quoted in sterling are exposed to currency fluctuations between these currencies. It is not the Company's policy to hedge against currency fluctuations.

Future outlook

As previously reported to shareholders, Campton advises the Company on its existing portfolio and intends to develop a fund-of-funds management and advisory business that may provide services to both the Company and third parties. The Board has allocated up to \$40 million to assist Campton in developing its business and with part of these funds commitments have been made to five highly regarded venture capital funds. It is intended to transfer these to a new fund-of-funds vehicle which Campton is currently engaged in raising. Providing that Campton is successful in its fund raising activities, PEI will be reimbursed for its contribution to the fund launch costs as well as the costs of these recently committed "warehoused" funds. The Company will benefit from this arrangement through the development of Campton's fund management business in which it will have a significant equity interest.

Buyback of shares

The Company tendered for and repurchased 7,276,592 shares on 13 December 2007. On 29 May 2008 shareholders approved the application to the Courts to cancel the share premium account. If approved this will enable the Company to make further returns of capital to shareholders.

At the year-end and date of this report the Company had issued share capital of 42,723,408 Ordinary shares of 0.01p each carrying one vote.

DIRECTORS' REPORT AND BUSINESS REVIEW (CONTINUED)

The Campton Group, Inc.

The Company has financed the formation of the Campton Group, Inc. (www.camptongroup.com) with a view to developing a private equity fund-of-funds management and advisory business. Campton is based in San Francisco, California, which together with Silicon Valley forms the hub of venture capital activity in the United States. Personal relationships are an important aspect of the venture capital industry and Campton's location in San Francisco provides a strategic advantage in maintaining and developing these relationships. The Company has financed Campton to date and has conversion rights, on exercise of which it would hold a majority stake in Campton with the balance being held by Campton's management team.

Environmental and socially responsible investment

The Company is fully aware of each General Partner's investment policy at the time it commits to a new Fund. Limited Partners such as the Company, however, are not consulted on individual investments made by the General Partner in their particular funds. Subject to this, the Company attempts to conform to best practice on environmental and other social responsibility issues.

Financial instruments

The policy and practice of the Company with regard to financial instruments is set out in note 18 of the Notes to the Accounts.

Management arrangements

The Board currently comprises five non-executive Directors who are collectively responsible, inter alia, for implementing the investment policy of the Company and for monitoring its investments. With effect from 1 April 2007 the Company has entered into a non-discretionary investment advisory agreement with the Campton Group Inc, a Californian registered corporation. A fee of up to 0.35% (0.7% annually) of the net asset value is payable, plus expenses, to Campton which is invoiced monthly. The notice period to be given by either party is six months and no compensation is payable in the event of termination. The Company will remain self managed and the Board will collectively make all investment and management decisions. The Board receives regular and ad-hoc reports from Campton, reviews the quarterly reports received from the LPs and discusses performance with the General Partners. Pending investment in suitable venture capital funds, the cash resources of the Company have been invested in open-ended investment funds.

Under an agreement dated 31 January 2000 company secretarial and administrative services are provided by Capita Sinclair Henderson Limited. It provides similar services for a number of other investment trusts. The administration agreement may be terminated by either party giving not less than twelve months' notice.

Directors' interests

The interests of the Directors, their families and any beneficial trusts in the Ordinary shares of 0.01p each of the Company were:

	<i>Beneficial and family interests</i>	
	<i>31 March</i>	<i>1 April</i>
	<i>2008</i>	<i>2007</i>
Peter Dicks	42,724	50,000
Colin Kingsnorth	–	–
Rory Macnamara	–	–
David Quysner	–	–
Lady Barbara Judge	23,080	25,100

At the date of this Report there had been no further changes in the above holdings. Mr Kingsnorth is a director of Laxey Partners Limited, whose interests in the Company's shares is set out below.

DIRECTORS' REPORT AND BUSINESS REVIEW (CONTINUED)

Substantial share interests

At 31 July 2008 the holdings representing 3% or more of the total voting rights, notified to the Company, were:

	<i>Shares</i>	<i>%</i>
Fund under discretionary management of		
Laxey Partners Limited	11,711,304	27.41
Deutsche Bank AG Tilney Group Limited	7,645,245	17.89
QVT Fund LP	5,012,444	11.73
Aviva Plc and its subsidiaries	1,652,641	3.87
The Carrousel Fund	1,450,000	3.39
Advance UK Trust Plc	1,350,000	3.16

Statement of Compliance with the AIC Code of Corporate Governance©

The Board of PEI has considered the principles and recommendations of the AIC Code of Corporate Governance (“AIC Code”) by reference to the AIC Corporate Governance Guide for Investment Companies (“AIC Guide”). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to PEI.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below.

The Combined Code includes provisions relating to:

- the role of the chief executive; (A.2)
- executive directors' remuneration; (B.2) and
- the need for an internal audit function (C.3.5).

For the reasons set out in the AIC Guide, and in the Preamble to the Combined Code, the Board considers that these provisions are not relevant to the position of PEI. The Company has therefore not reported further in respect of these provisions.

Board of Directors

Throughout the year under review the Board comprised five Non-Executive Directors with Peter Dicks as Chairman. Biographical details are shown on page 13.

The Board has decided that given the size and operation of the Board it was not appropriate to appoint a Senior Independent Director. Nor is there a Chief Executive as the Board feels that such an appointment is unnecessary. All current Directors are considered independent with the exception of Lady Barbara Judge, a former Executive Director of the Company, and Colin Kingsnorth by virtue of his connections to Laxey Partners, a major shareholder.

The Chairman, Peter Dicks, is deemed by his fellow Directors to be independent in character and judgement and free from conflicts of interest. He has a common cross directorship with David Quysner which is not deemed to affect the independent judgement of either party. Additional remuneration which was paid to Peter Dicks, in respect of additional duties carried out and which is disclosed on page 24, is not deemed to affect his independence. He has no significant commitments other than those disclosed in his biography on page 13.

Each of the Directors in office at 31 March 2008 has a letter of appointment with the Company. Appointments may be terminated by 12 months' notice.

DIRECTORS' REPORT AND BUSINESS REVIEW (CONTINUED)

The Board notes the AIC recommendation on tenure of office and Directors serving more than nine years would be required to seek annual re-election. Under the Articles of Association, all Directors are subject to retirement and re-election by shareholders every third year following their appointment or most recent re-election. Mr Kingsnorth and Mr Quysner are both seeking re-election at the AGM to be held on 18 September 2008 in accordance with the Articles of Association.

The Board recently carried out a formal evaluation process of its performance as a whole and that of the Chairman and individual Directors. This was by formal interview and questionnaire. This latest such evaluation concluded that all Directors contribute effectively, and demonstrate a high level of commitment to their role, and that together they provide the skills and experience that are relevant and necessary for the leadership and direction of the Company.

The Board recommends the re-appointment of each retiring Director. This recommendation is based on the following:

Colin Kingsnorth has extensive experience in fund management and is also able to inform the Board as to the interests of its principal shareholder.

David Quysner has wide experience of venture capital investment in the UK and USA and of serving on the boards of other companies, including investment trusts.

The attendance of individual Directors, and in brackets the number of Board meetings and committee meetings held during the year ended 31 March 2008, is set out below:

	<i>Board</i>	<i>Audit</i>	<i>Remuneration</i>	<i>Nomination Engagement</i>	<i>Management</i>
Peter Dicks	7 (7)	2 (2)	1 (1)	1 (1)	1 (1)
Colin Kingsnorth	3 (7)	N/A	N/A	N/A	N/A
Rory Macnamara	6 (7)	2 (2)	1 (1)	1 (1)	1 (1)
David Quysner	6 (7)	2 (2)	1 (1)	1 (1)	1 (1)
Lady Barbara Judge	7 (7)	N/A	N/A	N/A	N/A

Section 992 Companies Act 2006

The following information is disclosed in accordance with Section 992 of the Companies Act 2006.

- The Company's capital structure and voting rights are summarised on page 16.
- Details of the substantial shareholders in the Company are listed on page 18.
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on page 19 above.
- Amendment of the Company's Articles of Association and the giving of powers to issue or buy back the Company's share require a special resolution to be passed by shareholders. The Board's current powers to buy back shares are stated on page 23 and proposals for their renewal are detailed on page 23.
- There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.
- Details of agreements between the Company and its Directors concerning compensation for loss of office are disclosed on page 24.

DIRECTORS' REPORT AND BUSINESS REVIEW (CONTINUED)

Board responsibilities

The Board is responsible for all matters of direction and control of the Company, including its investment policy, and no one individual has unfettered powers of decision. The Board is ultimately responsible for the appointment of all service providers, including the Company's bankers, determining the level of gearing, selecting suitable accounting policies and the publication of annual and interim reports and other forms of shareholder communication including the Company's website www.peiplc.com. The Directors meet at least six times a year at formal Board meetings to review the Company's investments and all other important issues to ensure that control is maintained over the Company's affairs. Additional meetings are held as required. The Company Secretary and Chairman liaise over the drafting of agendas to fully cover the Board's responsibilities. Procedures have been formalised in a schedule of matters specifically reserved for the decision of the Board, which has been adopted for all meetings.

The Company has in place Directors' and Officers' liability insurance which includes the reimbursement of legal defence costs. The Board has formalised arrangements under which Directors, in the furtherance of their duties, may seek independent professional advice. Under Article 145 of the Company's Articles of Association, the Company provides the Directors of the Company, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. A Deed of indemnity relating to the grant of indemnities to the Directors was executed on behalf of the Company on 10 April 2008.

Performance of the Board

The Board has implemented a procedure for reviewing its effectiveness on both an individual and collective basis through a formal appraisal process. The Chairman is responsible for undertaking the appraisal of each of the Directors and David Quysner has responsibility for co-ordinating the appraisal of the Chairman. Where appropriate, Directors receive induction training on joining the Board and regularly review the need to update and refresh their skills and knowledge.

Committees

The Company has appointed a number of committees to monitor specific operations, each of which has written terms of reference, copies of which are available from the Company.

Audit Committee

The Audit Committee meets at least twice a year to oversee the production of the half-year and annual accounts and compliance with accounting standards and regulatory requirements. It operates within clearly defined terms of reference, which delegate specific responsibility for making recommendations to the Board as regards the appointment, re-appointment and remuneration of the Auditor. The Committee has considered the independence and objectivity of the Auditor, it agreed that the £9,000 fees received by the Auditors in respect to the tender offer did not affect their independence and has advised the Board that it is satisfied in these respects that the Auditor has fulfilled its obligations to the Company. It also reviews the effectiveness of the Company's financial reporting and internal control policies. The Audit Committee comprises solely the independent Non-Executive Directors and is chaired by Rory Macnamara, a chartered accountant. Ernst & Young LLP, the Company's Auditor, attends the year end meeting of the Audit Committee and has direct access to Committee members between meetings. The Committee met twice during the year ended 31 March 2008.

Nomination Committee

A Nomination Committee has been established which comprises Peter Dicks and David Quysner and is chaired by Rory Macnamara. The Committee is convened as and when necessary for the purpose of considering the appointment of new Directors and operates under defined terms of reference. The Committee met once during the year ended 31 March 2008.

Remuneration Committee

The Remuneration Committee comprises Peter Dicks and David Quysner and is chaired by Rory Macnamara. The Directors' remuneration report on pages 24 and 25 explains the approach taken by the Committee to the structuring of remuneration for Directors. The Committee operates under clearly defined terms of reference. The Committee met once during the year ended 31 March 2008.

DIRECTORS' REPORT AND BUSINESS REVIEW (CONTINUED)

Management Engagement Committee

A Management Engagement Committee chaired by Rory Macnamara has been established to review the Company's arrangements for managing its investments including reviewing the decision to be self-managed by the Board of Directors. The Committee, which comprises the independent Non-Executive Directors, also reviews the performance and contractual arrangements of the Company's service providers including all advisory and other agreements with Campton.

Going concern

After due consideration, the Directors have concluded that the Company has 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 accounts.

Internal control review

The Directors acknowledge that they are responsible for the Company's system of internal control and for reviewing its effectiveness.

Throughout the year under review and up to the date of this Report there has been an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process accords with the Turnbull guidance in the document 'Internal Controls: Guidance for Directors on the Combined Code'. This process is reviewed on a regular basis by the whole Board. The most recent review was carried out on 18 July 2008. Key procedures established with a view to providing effective financial control have been in place for the full financial year and up to the date the accounts were approved. This assessment did not include the Subsidiary.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

Internal control assessment process

Risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- The nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- The threat of such risks becoming a reality;
- The Company's ability to reduce the incidence and impact of risk on its performance; and
- The cost to the Company and benefits related to the Company and third parties operating the relevant controls.

Against this background, the Board has split the review of risk and associated controls into four sections reflecting the nature of the risks being addressed. These sections are as follows:

- Corporate strategy;
- Published information, compliance with laws and regulations;
- Relationship with service providers; and
- Investment and business activities.

DIRECTORS' REPORT AND BUSINESS REVIEW (CONTINUED)

Given the nature of the Company's activities and the fact that certain functions are subcontracted, the Directors have obtained information from key third party suppliers regarding the controls operated. To enable the Board to make an appropriate risk and control assessment the information and assurances sought from third party suppliers include the following:

- Details of the control environment operated by the third party suppliers;
- Identification and evaluation of risks and control objectives by third party suppliers;
- Assessment of the communication procedures with third party suppliers; and
- Assessment of the control procedures operated by third party suppliers.

The key procedures that have been established with a view to providing effective internal financial control are as follows:

- Investment decisions regarding the limited partnership portfolio are undertaken by the Board of Directors after due consideration of the investment policy of the Company.
- The provision of administration, accounting and company secretarial duties is the responsibility of Capita Sinclair Henderson Limited.
- Copies of the LP agreements are held by Eversheds.
- The duties of investment management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement one another.
- The Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements.
- Mandates for authorisation of investment transactions and expense payments are set by the Board.

The Company does not have an internal audit function but the need for one is considered annually. Although the Company is a self-managed investment trust, most of its operations are provided by third party service providers whose internal controls are reviewed on a regular basis, as set out above.

The Board reviews financial information produced by the Company Secretary on a regular basis.

The Audit Committee has reviewed the "whistle blowing" procedures of the Administrator and Company Secretary to ensure that concerns of staff at Capita Sinclair Henderson Limited may be raised in a confidential manner.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a review of the effectiveness of the systems of internal control as they have operated during the year.

The Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Capita Sinclair Henderson Limited, which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports.

DIRECTORS' REPORT AND BUSINESS REVIEW (CONTINUED)

Relations with shareholders

Communication with shareholders is given a high priority by the Board and the Directors are available to enter into dialogue with shareholders. All shareholders are encouraged to attend and vote at the Annual General Meeting during which Directors and the Chairman of the Audit Committee will be available to discuss issues affecting the Company.

Copies of the half-year and annual reports are dispatched to shareholders by mail and are also available for download from the Company's website, www.peiplc.com. The net asset values are released on a monthly basis to the London Stock Exchange and to the AIC for posting onto its website www.theaic.co.uk. The Board is directly responsible for all corporate activity that may affect the Company.

Shareholders may address any communication to the Chairman or other Directors through its offices at 23 Bentinck Street, London W1U 2EZ or through the Company Secretary, Capita Sinclair Henderson Limited at the address on page 52.

Payment of suppliers

It is the Company's payment policy to obtain the best possible terms for all business and, therefore, there is no consistent policy as to terms used. The Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by those terms.

As at 31 March 2008 there were no trade creditors (2007: none).

Annual General Meeting

The Notice of Annual General Meeting on page 55 sets out both the Ordinary Business and the Special Business to be conducted at the meeting.

There are two items of Special Business. Resolution 7 which is a Special Resolution proposes to extend the Company's powers, subject to certain defined parameters, to purchase the Company's shares in the market for a further year. A similar authority granted at last year's Annual General Meeting was used to repurchase 7,276,592 shares by means of a tender offer on 13 December 2007. There remained an unused authority of 218,408 shares at the year end.

The Board by means of Resolution 8 which is a Special Resolution is seeking to update and amend the Company's Articles of Association to reflect the Companies Act 2006 and other updates. A summary of the material changes brought about by the proposed adoption of the New Articles is set out in the Appendix on pages 53 and 54. Other changes which are minor, technical or clarifying nature have not been noted in the Appendix.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as Auditor and a resolution proposing their re-appointment will be proposed at the Annual General Meeting.

Directors' statement as to disclosure of information to Auditor

The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 13. Each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's Auditor is unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's Auditor is aware of that information.

By order of the Board

CAPITA SINCLAIR HENDERSON LIMITED

Secretary

31 July 2008

DIRECTORS' REMUNERATION REPORT

The Board has prepared this Report in accordance with Schedule 7A to the Companies Act 1985 which applies to companies quoted on the official list. An Ordinary Resolution will be put to members seeking approval of the Report at the forthcoming Annual General Meeting.

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited they are so indicated. The Auditor's opinion is included in its Report in pages 27 and 28.

Throughout the year under review the Remuneration Committee has been chaired by Rory Macnamara with Peter Dicks and David Quysner as members. It met once during the year.

The role of the Committee

The role of the Committee is to establish Board policy in respect of terms of employment and remuneration and to agree contractual terms for each Director and employee of the Company. The Committee seeks to encourage the enhancement of the Company's performance and to ensure that remuneration packages offered are competitive and designed to attract, retain and motivate Directors and employees of the right calibre. In setting both the policy related to and levels of remuneration and benefits for Directors, the Committee may take account of market data and independent professional advice. It is the Committee's intention to continue this current policy regarding levels of remuneration.

Review of remuneration structure

Peter Dicks, Colin Kingsnorth, Rory Macnamara and David Quysner each entered into a letter of appointment on 22 October 2004 and Lady Barbara Judge agreed revised terms in a new letter of appointment on 25 October 2004. During the year Peter Dicks was paid additional remuneration in respect of management of the Company's office and corporate affairs. Directors are not eligible for bonuses pension benefits, share options or long-term incentive schemes.

The Directors are entitled to claim out of pocket expenses incurred in carrying out their duties. The letters of appointment include the following fixed fees in the table below. From 1 July 2007 fees in respect of Peter Dicks were reduced to £40,000 to reflect a change of duties undertaken following the appointment of Campton.

Each of the Directors is entitled to a 12 month notice period and is entitled to compensation for loss of office calculated by reference to the unexpired period of his or her appointment.

Directors' remuneration (audited)

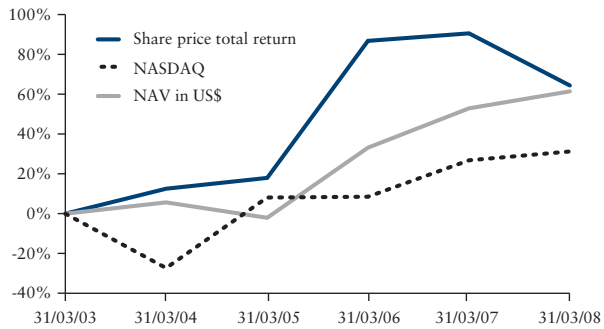
The remuneration of the Directors for the year ended 31 March 2008 was as follows:

	<i>2008</i>	<i>2007</i>
	<i>Fees</i>	<i>Fees</i>
	<i>£'000</i>	<i>£'000</i>
Peter Dicks	49	75
Colin Kingsnorth	20	20
Rory Macnamara	20	20
David Quysner	20	20
Lady Barbara Judge*	20	20
	<hr/>	<hr/>
	129	155
	<hr/>	<hr/>

* Fees in respect to Lady Judge are paid to BT Consulting Inc Limited.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Your Company's performance



SOURCE: PRIVATE EQUITY INVESTOR

The graph above compares the total return to shareholders (assuming all dividends are reinvested) compared to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the NASDAQ Composite Index is calculated. This index was chosen for comparison purposes, as it is considered to represent a broad market index against which the performance of the Company's assets may be adequately assessed.

The Directors' remuneration report on pages 24 and 25 was approved by the Board of Directors on 31 July 2008.

PETER DICKS
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards adopted by the European Union.

Company law requires the Directors to prepare financial statements for each financial year which present fairly the financial position of the Company and of the Group and the financial performance and cash flows of the Company and of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy, at any time, the financial position of the Company and of the Group and enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, to the best of their knowledge, state that:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit/(loss) of the Company and the Group; and
- the Chairman's Statement and Report of the Directors include a fair review of the development and performance of the business and the position of the Company and the Group together with a description of the principal risks and uncertainties that it faces.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITOR

to the members of Private Equity Investor PLC

We have audited the Group and Parent Company financial statements (the “financial statements”) of Private Equity Investor PLC for the year ended 31 March 2008 which comprise the Consolidated Income Statement, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors’ Remuneration Report that is described as having been audited.

This report is made solely to the Company’s members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors’ responsibilities for preparing the Annual Report, the Directors’ Remuneration Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (“IFRSs”) as adopted by the European Union are set out in the Statement of Directors’ Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors’ Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors’ Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors’ Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors’ remuneration and other transactions are not disclosed.

We review whether the Corporate Governance Statement reflects the Company’s compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board’s statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group’s corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only The Investment Objective and Policy, Summary of Results and financial highlights, Chairman’s Statement, Review of Investments, Investment portfolio, Directors and Secretary, Directors Report and Business Review, the unaudited part of the Directors’ Remuneration Report, Glossary of Terms, Company Information, Explanatory Notes of Principle Changes to the Company’s Articles of Association and Notice of Annual General Meeting. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

REPORT OF THE INDEPENDENT AUDITOR (CONTINUED)

to the members of Private Equity Investor PLC

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2008 and of its net return for the year then ended;
- the Parent Company's financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 31 March 2008;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulations; and
- the information given in the Directors' Report is consistent with the financial statements.

ERNST & YOUNG LLP

Registered Auditor

London

31 July 2008

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2008

	Notes	<i>Year ended 31 March 2008</i>			<i>Year ended 31 March 2007</i>		
		<i>Revenue return</i> £'000	<i>Capital return</i> £'000	<i>Total</i> £'000	<i>restated* Revenue return</i> £'000	<i>restated* Capital return</i> £'000	<i>restated* Total</i> £'000
Gains on investments at fair value through profit and loss	9	–	3,388	3,388	–	1,225	1,225
Exchange losses on other items	9	–	(32)	(32)	–	(617)	(617)
		–	3,356	3,356	–	608	608
Operating income							
Investment income		1,341	–	1,341	1,098	–	1,098
Other operating income		167	–	167	204	–	204
Total operating income	2	1,508	–	1,508	1,302	–	1,302
Operating expenses							
Administrative expenses	3	(947)	–	(947)	(736)	–	(736)
Total expenses		(947)	–	(947)	(736)	–	(736)
Operating profit		561	3,356	3,917	566	608	1,174
Profit before tax		561	3,356	3,917	566	608	1,174
Tax	5	–	–	–	–	–	–
Profit for the period		561	3,356	3,917	566	608	1,174
Attributable to:							
Equity holders of the parent		561	3,356	3,917	566	608	1,174
Minority interest		–	–	–	–	–	–
Earning per share							
From continuing activities							
Basic	8	1.17p	7.02p	8.19p	1.13p	1.22p	2.35p

The total column of this statement represents the Group's income statement, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

* These values have been adjusted for the adoption of IFRS from those presented in the statutory accounts for the year ended 31 March 2007. An explanation of the prior year adjustment is shown in the notes to the accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2008

	<i>Share capital</i> £'000	<i>Share premium account</i> £'000	<i>Capital redemption reserve</i> £'000	<i>Capital reserve</i> £'000	<i>Currency translation reserve</i> £'000	<i>Retained earnings</i> £'000	<i>Total</i> £'000
Year ended 31 March 2008							
As at 1 April 2007	5	96,862	–	(10,732)	4	430	86,569
Profit for the year	–	–	–	3,356	5	561	3,922
Dividends paid	–	–	–	–	–	(550)	(550)
Tender offer costs	(1)	–	1	(12,741)	–	–	(12,741)
As at 31 March 2008	4	96,862	1	(20,117)	9	441	77,200
Year ended 31 March 2007							
As at 1 April 2006	5	96,862	–	(11,340)	–	(136)	85,391
Profit for the year	–	–	–	608	4	566	1,178
As at 31 March 2007	5	96,862	–	(10,732)	4	430	86,569

The notes on pages 36 to 50 form part of these accounts.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2008

	<i>Share capital</i> £'000	<i>Share premium account</i> £'000	<i>Capital redemption reserve</i> £'000	<i>Capital reserve</i> £'000	<i>Retained earnings</i> £'000	<i>Total</i> £'000
Year ended 31 March 2008						
As at 1 April 2007	5	96,862	–	(10,732)	573	86,708
Profit for the year	–	–	–	3,356	563	3,919
Dividends paid	–	–	–	–	(550)	(550)
Tender offer costs	(1)	–	1	(12,741)	–	(12,741)
As at 31 March 2008	4	96,862	1	(20,117)	586	77,336
Year ended 31 March 2007						
As at 1 April 2006	5	96,862	–	(11,340)	(136)	85,391
Profit for the year	–	–	–	608	709	1,317
As at 31 March 2007	5	96,862	–	(10,732)	573	86,708

The notes on pages 36 to 50 form part of these accounts.

CONSOLIDATED BALANCE SHEET

as at 31 March 2008

	<i>Notes</i>	<i>31 March 2008 £'000</i>	<i>31 March 2007 £'000</i>
Non-current assets			
Investments at fair value through profit or loss	9	72,466	85,108
Property, plant and equipment		4	5
Current assets			
Trade and other receivables	11	279	862
Cash and cash equivalents	15	4,611	765
		4,890	1,627
Total assets		77,360	86,740
Current liabilities			
Trade and other payables	12	160	171
Net assets		77,200	86,569
Capital and reserves			
Share capital	13	4	5
Share premium account	14	96,862	96,862
Capital redemption reserve	14	1	–
Capital reserve	14	(20,117)	(10,732)
Currency translation reserve	14	9	4
Retained earnings	14	441	430
Shareholders funds		77,200	86,569
Minority Interest		–	–
Total equity		77,200	86,569
Net asset value per ordinary share	16	180.70p	173.14p

The Group's financial statements were approved by the Board of Directors and were authorised for issue on 31 July 2008 and were signed on its behalf by:

PETER DICKS
Chairman

The notes on pages 36 to 50 form part of these accounts.

COMPANY BALANCE SHEET

as at 31 March 2008

		<i>31 March</i> 2008 £'000	<i>31 March</i> 2007 £'000
Non-current assets			
Investments at fair value through profit or loss	9	72,466	85,108
Investment in subsidiary undertaking	10	226	178
Current assets			
Trade and other receivables	11	236	856
Amount due from Subsidiary	11	15	–
Cash and cash equivalents	15	4,527	723
		4,778	1,579
Total assets		77,470	86,865
Current liabilities			
Trade and other payables	12	134	157
Net assets		77,336	86,708
Capital and reserves			
Share capital	13	4	5
Share premium account	14	96,862	96,862
Capital redemption reserve	14	1	–
Capital reserve	14	(20,117)	(10,732)
Retained earnings	14	586	573
Total equity		77,336	86,708
Net asset value per ordinary share	16	181.02p	173.42p

The Company's financial statements were approved by the Board of Directors and were authorised for issue on 31 July 2008 and were signed on its behalf by:

PETER DICKS
Chairman

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2008

	<i>Notes</i>	<i>Year ended 31 March 2008 £'000</i>	<i>Year ended 31 March 2007 £'000</i>
Cash flows from operating activities			
Consolidated net return before tax		3,917	1,174
Adjustments to reconcile net return before tax to net cash flows from operating activities:			
Gains on investments		(3,356)	(608)
Exchange losses/(gains)		121	(115)
(Decrease)/increase in trade and other payables		(19)	58
(Decrease)/increase in trade and other receivables		81	(57)
Purchases of investments		(24,750)	(20,775)
Sales of investments		41,283	20,634
		17,277	311
Net cash flows generated from operating activities			
Investing activities			
Purchase of property, plant and equipment		–	(7)
		–	(7)
Net cash used in investing activities			
Financing			
Ordinary shares purchased		(12,732)	–
Dividends paid		(550)	–
		(13,282)	–
Net cash used in financing activities			
Net increase in cash and cash equivalents		3,995	304
Cash and cash equivalents at beginning of year		765	937
Effect of foreign exchange rates on cash and cash equivalents		(149)	(476)
		4,611	765
Cash and cash equivalents at end of year	15	4,611	765

The notes on pages 36 to 50 form part of these accounts.

COMPANY CASH FLOW STATEMENT

for the year ended 31 March 2008

	<i>Notes</i>	<i>Year ended 31 March 2008 £'000</i>	<i>Year ended 31 March 2007 £'000</i>
Cash flows from operating activities			
Company net return before tax		3,919	1,317
Adjustments to reconcile net return before tax to net cash flows from operating activities:			
Gains on investments		(3,356)	(608)
Exchange losses/(gains)		120	(116)
(Decrease)/increase in trade and other payables		(31)	44
Increase/(decrease) in trade and other receivables		103	(51)
Purchases of investments		(24,750)	(20,775)
Sales of investments		41,283	20,634
		<hr/>	<hr/>
Net cash flows generated from operating activities		17,288	445
		<hr/>	<hr/>
Investing activities			
Investment in subsidiary		(51)	(181)
		<hr/>	<hr/>
Net cash used in investing activities		(51)	(181)
		<hr/>	<hr/>
Financing			
Ordinary shares purchased		(12,732)	–
Dividends paid		(550)	–
		<hr/>	<hr/>
Net cash used in financing activities		(13,282)	–
		<hr/>	<hr/>
Net increase in cash and cash equivalents		3,955	264
Cash and cash equivalents at beginning of year		723	937
Effect of foreign exchange rates on cash and cash equivalents		(151)	(478)
		<hr/>	<hr/>
Cash and cash equivalents at end of year	15	<u>4,527</u>	<u>723</u>

The notes on pages 36 to 50 form part of these accounts.

NOTES TO THE ACCOUNTS

at 31 March 2008

1 ACCOUNTING POLICIES

Accounting convention

Private Equity Investor plc is a Company incorporated in Great Britain and registered in England and Wales under the Companies Act 1985. The consolidated Annual Report for the Group for the year ended 31 March 2008 comprises the results of the Company and its Subsidiary, Campton Group Inc (together referred to as the "Group"). For further details see Basis of Consolidation below. The Company is registered as a public limited company and is an investment company as defined by section 833 of the Companies Act 2006. Campton Group Inc is a private equity fund-of-funds management and advisory business based in San Francisco, California.

Basis of Accounting

The consolidated annual financial statements of the Group have been prepared under International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"). The annual financial statements of the Company have been prepared in accordance with IFRS as adopted by the European Union, and as applied in accordance with provisions of the Companies Act 1985. The financial statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP") (as amended December 2005) for investment trust companies except to any extent where it conflicts with IFRS.

This is the first year in which the group has prepared its financial statements under IFRS and the comparatives have been restated from UK Generally Accepted Accounting Practice ('UK GAAP') to comply with IFRS. As a result of the group's transition to IFRS there are no reconciling items from the previously published UK GAAP financial statements.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2008. There are no differences between the accounting policies applied to the Group and the Company.

The Group and Company financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when indicated otherwise.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its principle subsidiary Campton Group Inc.

Campton Group Inc is consolidated from the date of its acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. The Company currently has an investment of £226,000 in Campton Group Inc by way of a secured promissory note agreement and a secured convertible promissory note agreement. If the Company were to exercise its conversion rights then it would hold a majority stake in Campton Group Inc. As the convertible loan notes are convertible at any time, PEI has the power to exercise control over Campton. Therefore in preparing the financial statements for the current year, the Company has treated its investment in Campton Group Inc as a subsidiary and therefore produced consolidated financial statements. The comparative figures have been restated to conform with the current year accounting policies.

Private Equity International Limited is incorporated with share capital of £1 issued and fully paid. It was incorporated to register the business name of Private Equity International. It has not traded during the year and has not been consolidated as it is, in the Directors' opinion, immaterial to the accounts.

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

The interest of minority holdings is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Minority interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. However, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The financial statements of the subsidiary are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

As permitted by Section 230 of the Companies Act 1985, the Company has not presented its own income statement. The amount of the Company's return for the financial year dealt within in the accounts of the Group is £3,919,000 (2007: £1,317,000).

Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business. The results of Campton Group Inc are immaterial for segmental reporting purposes.

Income recognition

Dividends receivable on quoted equity shares and debt securities are included in the accounts when the investments concerned are quoted 'ex-dividend'. Dividends receivable on equity shares and debt securities where no ex-dividend date is quoted are brought into account when the Group's right to receive payment is established. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the debt security. Interest receivable is included on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis and are charged through the revenue column of the income statement, except for expenses which are incidental to the sale or purchase of an investment, which are charged through the capital column of the income statement.

Investments at fair value through profit or loss

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at cost.

All investments held by the Company are designated upon initial recognition as held at fair value through profit or loss. Investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the income statement and allocated to capital. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost.

The Venture Capital Funds are stated at Directors' valuation with reference to IPEVC guidelines which is in accordance with the valuations provided by the managers of those funds. Valuations of the Funds are reported to the Company quarterly and are incorporated in the Company's accounts when received. The valuation methodology used by these funds is that the underlying investments are valued at fair value determined in accordance with the relevant limited partnership agreement. Loan notes to Campton Group Inc are valued at amortised cost.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date, without any deduction for transaction costs necessary to realise the asset.

Capital distributions received from investments are accounted for on a reducing cost basis; cash and stock distributions received are first applied to reducing the base cost of an investment; a realised gain will be recognised only when the cost has been reduced to nil.

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

Foreign currency translation

The functional and presentational currency of the Company is pounds sterling. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on re-translation are included in the income statement and are allocated either to revenue or capital, as appropriate.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at weighted average exchange rates for the year. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Taxation

Deferred tax is recognised in respect of all temporary differences at the balance sheet date where transactions or events have occurred that result in an obligation to pay more, or the right to pay less tax in the future. This is subject to deferred tax assets being recognised only if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the marginal method.

Dividends payable to shareholders

Dividends to shareholders are recognised as a liability in the period in which they have been declared and paid.

The final dividend is proposed by the Board and is not declared until approved by the shareholders at the Annual General Meeting following the year end.

Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Assets are classified as cash equivalents if they are readily convertible to cash and are not subject to significant changes in value. The Company has classified short-term bank deposits as cash equivalents.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

New standards and interpretations not applied

IASB have issued the following standards and interpretations which are not yet effective for the year ended 31 March 2008 and have not been applied in preparing these financial statements.

		<i>Effective date</i>
<i>International Accounting Standards (IAS/IFRS)</i>		
IAS 1 (revised)	Presentation of Financial Statements: a revised presentation	1 January 2009
	Puttable financial instruments and Obligations existing on Liquidation	1 January 2009
IAS 23 (revised)	Borrowing Costs	1 January 2009
IAS 32 (revised)	Puttable financial instruments and Obligations existing on Liquidation	1 January 2009
IFRS 2	Share based payments: vesting conditions and cancellations	1 January 2009
IFRS 8 (revised)	Operating Segments	1 January 2009

The Directors do not anticipate that the initial adoption of the above standards, amendments and interpretations will have a material impact in the future periods.

2 INCOME	2008		2007	
	<i>Group</i> £'000	<i>Company</i> £'000	<i>Group</i> £'000	<i>Company</i> £'000
Income from investments:				
Interest from open-ended investment funds	1,337	1,337	1,098	1,098
Loan interest from subsidiary	–	15	–	–
Other income from unquoted venture capital fund	4	4	–	–
	1,341	1,356	1,098	1,098
Other income:				
Deposit interest	167	160	204	203
Total income	1,508	1,516	1,302	1,301
Total income comprises:				
Interest	1,508	1,516	1,302	1,301

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

3 EXPENSES	2008		2007	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£'000	£'000	£'000	£'000
Secretarial services	92	91	88	88
Investment adviser's fees and expenses	–	442	–	–
Auditor's remuneration for:				
– audit*	24	24	23	23
Directors' remuneration	129	129	155	155
Other expenses – irrecoverable VAT	(1)	(1)	10	10
– operating lease of land and buildings	39	27	39	35
– public relations and advertising	18	15	17	16
– legal and professional fees	94	63	40	29
– office expenditure	46	22	41	14
– staff costs (see note 4)	251	61	139	67
– banking and custody charges	6	6	4	4
– other expenses	249	74	180	151
	947	953	736	592

* In addition £9,000 was paid to the auditors in connection with the tender offer.

Of the total expenses above £436,000 (2007: £144,000) relate to Campton Group Inc.

4 STAFF COSTS	2008		2007	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£'000	£'000	£'000	£'000
Salaries and other payments	245	55	132	60
Social security costs	6	6	7	7
	251	61	139	67

With the exception of the Directors, whose remuneration is shown in the Directors' remuneration report on page 24, the Group employed four members of staff during the year (2007: four members of staff).

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

5 TAXATION ON ORDINARY ACTIVITIES	2008			2007		
	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>
	<i>Return</i>	<i>Return</i>		<i>Return</i>	<i>Return</i>	
	£'000	£'000	£'000	£'000	£'000	£'000
UK corporation tax at 30%	-	-	-	-	-	-

The Company is subject to corporation tax at 30% (2007: 30%). As at 31 March 2008 the total current taxation charge in the Company's revenue account is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2008			2007 <i>restated</i>		
	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>	<i>Revenue</i>	<i>Capital</i>	<i>Total</i>
	<i>Return</i>	<i>Return</i>		<i>Return</i>	<i>Return</i>	
	£'000	£'000	£'000	£'000	£'000	£'000
Net return before finance costs and taxation	561	3,356	3,917	566	608	1,174
Theoretical tax at UK corporation tax rate of 30%	168	1,007	1,175	170	182	352
Effects of:						
– utilisation of brought forward losses	(172)	-	(172)	(173)	-	(173)
– expenses disallowed for taxation purposes	4	-	4	3	-	3
– gains on investments and exchange losses on capital items	-	(1,007)	(1,007)	-	(182)	(182)
	-	-	-	-	-	-

At 31 March 2008, the Company had no unprovided deferred tax liabilities (2007: £nil). At that date, based on current estimates and including the accumulation of net allowable management expenses deriving from its partnership interests in its Venture Capital Funds, the Company had surplus management expenses of approximately £10,388,000 (2007: £9,648,000) which have not been recognised as a deferred tax asset. This is because the Company is not expected to generate sufficient taxable income in future periods in excess of the available deductible expenses and accordingly, the Company is unlikely to be able to reduce future tax liabilities through the use of existing surplus expenses.

Due to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

6 DIVIDENDS	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
 Amounts recognised as distributions to equity holders within the period		
Dividend for the year ended 31 March 2007 of 1.1p (2006: Nil) per share	550	–

Proposed distribution for the year ended 31 March 2008 is 1.1p per share, amounting to £469,957.

The requirements of Section 842 of the Income and Corporation Taxes Act 1988 are considered on the basis of dividends declared in respect of the financial year as shown below.

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Net return after taxation per Company accounts	563	709
Final dividend proposed of 1.1p (2007: 1.1p) per share	(470)	(550)
Revenue retained for s842 purposes	93	159

7 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the Profit and Loss Account of the Company is not presented as part of these financial statements. The consolidated net return after taxation for the financial year includes £3,919,000 (2007: £1,317,000) which is dealt with in the financial statements of the Company.

8 RETURN PER ORDINARY SHARE

	<i>2008</i>			<i>2007</i>		
	<i>Revenue return pence</i>	<i>Capital return pence</i>	<i>Total pence</i>	<i>Revenue return pence</i>	<i>Capital return pence</i>	<i>Total pence</i>
Return per ordinary share	1.17	7.02	8.19	1.13	1.22	2.35

Revenue return per ordinary share is based on the net return on ordinary activities after taxation of £561,000 (2007: net return of £566,000), and on 47,807,054 (2007: 50,000,000) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

Capital return per ordinary share is based on net capital gains for the year of £3,356,000 (2007: net capital gains of £608,000), and on 47,807,054 (2007: 50,000,000) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

Total return per ordinary share is based on net return for the year of £3,917,000 (2007: £1,174,000), and on 47,807,054 (2007: 50,000,000) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

9 INVESTMENTS	2008 £'000	2007 £'000
Group and Company		
<i>a) Investment portfolio summary</i>		
USA		
Listed investments		
– common stock	511	394
Unlisted Venture Capital funds	48,293	53,090
Other investments		
– open-ended investment funds	23,648	31,611
– unlisted common stock	14	13
	72,466	85,108

A full listing of the investment portfolio is provided on page 12.

	<i>Unlisted equities £'000</i>	<i>Listed equities £'000</i>	<i>Listed open-ended investment funds £'000</i>	<i>Unlisted Venture Capital funds £'000</i>	<i>Total £'000</i>
<i>b) Analysis of investment portfolio movements</i>					
Opening book cost	58	469	34,052	74,300	108,879
Opening unrealised depreciation	(45)	(75)	(2,441)	(21,210)	(23,771)
Opening valuation	13	394	31,611	53,090	85,108
Movements in the year:					
Purchases at cost	–	–	20,043	22	20,065
Calls at cost	–	–	–	4,706	4,706
Sales					
– proceeds	–	(3,022)	(27,122)	–	(30,144)
– realised gains/(losses) on sales	–	760	(2,059)	–	(1,299)
Book cost adjustments from capital distributions					
– cash distributions	–	–	–	(10,657)	(10,657)
– stock distributions	–	2,927	–	(2,927)	–
Unrealised appreciation/(depreciation)	1	(548)	1,175	4,059	4,687
Closing valuation	14	511	23,648	48,293	72,466
Closing book cost	58	1,134	24,914	65,444	91,550
Closing unrealised depreciation	(44)	(623)	(1,266)	(17,151)	(19,084)
	14	511	23,648	48,293	72,466

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

9 INVESTMENTS – continued	2008 £'000	2007 £'000
<i>c) Analysis of capital gains and losses</i>		
Realised (losses)/gains on sales	(1,299)	4,828
Increase/(decrease) in unrealised capital appreciation	4,687	(3,603)
	3,388	1,225
Realised exchange gains/(losses) on capital items	120	(116)
Unrealised exchange losses on capital items	(152)	(501)
	(32)	(617)

d) Significant holdings

The Company owns 14.9% and 9.4% of the total value of the called capital of the Venture Capital Funds in Dawntreader Fund II and Zone Ventures Fund II respectively.

e) Transaction costs

During the year the Company incurred no transaction costs (2007: £nil) in relation to purchases of investments and £6,000 (2007: £8,000) in relation to sales of investments. These amounts are included within gains and losses on investments at fair value within the income statement.

10 INVESTMENT IN SUBSIDIARY

The Company has an investment of £226,000 (2007: £178,000) in Campton Group Inc. a company registered in the United States providing private equity investment products and services. As at 31 March 2008, loan interest of £15,000 (2007: Nil) was due to the Company from its subsidiary.

The subsidiary acts as investment adviser for the Company. Fees amounting to £442,000 have been charged to the Company by its subsidiary during the year (2007: Nil).

11 TRADE AND OTHER RECEIVABLES

	2008		2007	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts owed by subsidiary	–	15	–	–
Sales for future settlement	107	107	609	609
Prepayments and other debtors	57	14	59	53
Accrued income	115	115	194	194
	279	251	862	856

12 TRADE AND OTHER PAYABLES

	2008		2007	
	Group £'000	Company £'000	Group £'000	Company £'000
Other payables	151	125	170	156
Other taxation and social security	1	1	1	1
Tender offer costs	8	8	–	–
	160	134	171	157

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

13 SHARE CAPITAL	2008 £'000	2007 £'000
Authorised:		
100,000,000 ordinary shares of 0.01p each	10	10
50,000 redeemable preference shares of £1.00 each	50	50
	60	60
Allotted, called up and fully paid:		
42,723,408 (2007: 50,000,000) ordinary shares of 0.01p each	4	5
	4	5

During the year the Company purchased for cancellation 7,276,592 Ordinary shares under a tender offer for a total consideration of £12,563,000 plus expenses of £178,000. The full cost of the tender offer has been taken to the capital reserve.

14 RESERVES	<i>Share premium</i> £'000	<i>Capital redemption reserve</i> £'000	<i>Capital reserve realised</i> £'000	<i>Capital reserve unrealised</i> £'000	<i>Currency translation reserve</i> £'000	<i>Retained earnings</i> £'000
Group						
Beginning of year	96,862	–	13,143	(23,875)	4	430
Net losses on realisation of investments	–	–	(1,299)	–	–	–
Unrealised appreciation of investments	–	–	–	4,687	–	–
Exchange gains/(losses)	–	–	120	(152)	–	–
Exchange differences on retranslation of net assets of subsidiary	–	–	–	–	5	–
Shares purchased for cancellation	–	1	(12,741)	–	–	–
Dividends paid	–	–	–	–	–	(550)
Net surplus for the year	–	–	–	–	–	561
End of year	96,862	1	(777)	(19,340)	9	441
Company						
Beginning of year		96,862	–	13,143	(23,875)	573
Net losses on realisation of investments		–	–	(1,299)	–	–
Unrealised appreciation of investments		–	–	–	4,687	–
Exchange gains/(losses)		–	–	120	(152)	–
Shares purchased for cancellation		–	1	(12,741)	–	–
Dividends paid		–	–	–	–	(550)
Net surplus for the year		–	–	–	–	563
End of year		96,862	1	(777)	(19,340)	586

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN CASH AND CASH EQUIVALENTS	2008		2007	
	<i>Group</i> £'000	<i>Company</i> £'000	<i>Group</i> £'000	<i>Company</i> £'000
Increase in cash in the year	3,995	3,995	304	264
Effect of foreign exchange rate movements	(149)	(149)	(476)	(478)
	3,846	3,804	(172)	(214)
Movement in cash and cash equivalents				
Cash and cash equivalents at beginning of the year	765	723	937	937
	4,611	4,527	765	723
Cash and cash equivalents at end of the year	4,611	4,527	765	723

Cash and cash equivalents are comprised as follows:

	2008		2007	
	<i>Group</i> £'000	<i>Company</i> £'000	<i>Group</i> £'000	<i>Company</i> £'000
Cash in hand at bank	4,611	4,527	765	723
	4,611	4,527	765	723

16 NET ASSET VALUE PER ORDINARY SHARE

The Group net asset value per Ordinary share is based on net assets of £77,200,000 (2007: £86,569,000) and on 42,723,408 (2007: 50,000,000) Ordinary shares, being the number of shares in issue at the year-end.

The Company net asset value per Ordinary share is based on net assets of £77,336,000 (2007: £86,708,000) and on 42,723,408 (2007: 50,000,000) Ordinary shares, being the number of shares in issue at the year-end.

17 COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2008 there were financial commitments outstanding of \$24.7 million (£12.5 million) (2007: £12.8 million) in respect of outstanding call commitments to limited partnerships, full details of which can be found on page 7.

18 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

As detailed on the inside of the front cover, the investment objective of the Company is to seek to achieve substantial long term capital appreciation for shareholders. This is principally achieved by investing in unquoted, specialist US venture capital funds.

The Company's financial instruments comprise securities and other investments and bank deposits which are held to achieve its investment objective as well as debtors and creditors that arise from its operations, for example sales and purchases of securities awaiting settlement and debtors for accrued income.

The principal risks the Company faces through the holding of financial instruments are:

- liquidity/marketability risk, i.e. the risk that the Company has difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments;
- interest rate risk;
- credit risk;
- market price risk, i.e. movements in the value of investment holdings caused by factors other than interest rate or currency movement; and
- foreign currency risk.

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

18 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES – continued

The Directors do not consider that the Company has significant exposure to credit risk. The Board monitors the financial risks affecting the Company on a regular basis. The Directors receive financial information on a regular basis which is used to identify and monitor risk.

As required by IFRS 7: Financial Instruments: Disclosure and Presentation, an analysis of financial assets and liabilities, which identifies the risk to the Company of holding such items, is given below.

Financial assets

Full analysis of the Company's investment portfolio is given on page 12. The method of valuing the fixed asset investments is discussed in the accounting policies of the Company in note 1 on page 37. Cash and debtors arising from the operations of the Company as at 31 March 2008 amounted to £4,527,000 (2007: £723,000) and £251,000 (2007: £856,000) respectively. There were no material differences between the fair values of the investments as at 31 March 2008 and 31 March 2007 and the values attributable to those investments within the accounts.

Maturity analysis

The Company does not have any assets or liabilities maturing in more than one year.

Liquidity risk

The nature of the Company's investment policy of investing in specialist US venture capital funds means that a large proportion of the securities which it owns are less readily marketable than, for example, 'blue-chip' UK equities.

The Company currently has outstanding commitments of \$24,745,000 to these US venture capital funds, which will be financed through future distributions received and from cash and easily liquidated assets.

The Board manages liquidity risk by regularly reviewing its easily liquidated assets, which mainly comprise of open-ended investment funds and can be converted to cash at short notice. Commitments to fund investments are reviewed and approved by the Board. In order to reduce risk, research and due diligence work is performed before any commitment is made to a fund manager.

Interest rate risk

The Company's revenue will be affected by changes in prevailing interest rates since a large portion of its income ordinarily derives from money market instruments and bank interest.

The Company's objective is to achieve capital returns from its investments and, as such, the main exposure to interest rate risk is indirect, through its impact on the valuation of the private equity funds, although it is not possible to quantify such effects. Interest rates are one of the key determinants of economic growth. At a more specific level, interest rates and credit spreads also have an important role in the ability of private equity funds to secure profitable deals, as many transactions are partly financed by debt. The effect of interest rate changes on the valuation of investments and debt forms part of valuation risk, which is considered separately.

At 31 March 2008, the Company held investments in AAA-rated money market funds valued at £23.6 million (2007: £31.6 million), earning cash dividends at market rates. The money market funds are redeemable on less than 24 hours notice. Other floating rate financial assets comprised cash at bank.

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

18 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES – continued

Interest rate risk – continued

As at 31 March 2008, the average interest rate profile of the Company's financial assets was as follows:

	<i>Fixed rate Group £'000</i>	<i>Floating rate Group £'000</i>	<i>Non interest bearing Group £'000</i>	<i>Fixed rate Company £'000</i>	<i>Floating rate Company £'000</i>	<i>Non interest bearing Company £'000</i>
Open-ended investment funds	–	23,648*	–	–	23,648*	–
Quoted equities	–	–	511	–	–	511
Unlisted equities	–	–	14	–	–	14
Unlisted funds	–	–	48,293	–	–	48,293
Cash	–	4,611**	–	–	4,527**	–
Other net current assets	–	–	222***	–	–	237***
	–	28,259	49,040	–	28,175	49,055

As at 31 March 2007, the average interest rate profile of the Company's financial assets was as follows:

	<i>Fixed rate Group £'000</i>	<i>Floating rate Group £'000</i>	<i>Non interest bearing Group £'000</i>	<i>Fixed rate Company £'000</i>	<i>Floating rate Company £'000</i>	<i>Non interest bearing Company £'000</i>
Open-ended investment funds	–	31,611*	–	–	31,611*	–
Quoted equities	–	–	394	–	–	394
Unlisted equities	–	–	13	–	–	13
Unlisted funds	–	–	53,090	–	–	53,090
Cash	–	765**	–	–	723**	–
Other net current assets	–	–	803***	–	–	803***
	–	32,376	54,300	–	32,334	54,300

* The objective of the funds is to achieve a wholesale money market rate of return.

** Exposure to floating interest rate risk is based on an adjusted LIBOR rate.

*** Other net current assets exclude prepayments which under IFRS7 are not classified as financial assets.

If interest rates had reduced by 1% from those obtaining at 31 March 2008, it would have had the effect, with all other variables held constant, of reducing the net revenue return before taxation and equity by £283,000 (2007: £324,000). If there had been an increase in interest rates of 1% there would have been an equal and opposite effect in the net revenue before taxation and equity. The calculations are based on cash at bank and open-ended investment funds as at 31 March 2008 and these may not be representative of the year as a whole.

Credit risk

The Company is exposed to credit risk through its loan to Campton Group Inc. The loan notes issued under the terms of this loan are convertible to equity. The risk is deemed to be low as the Company maintains a close working relationship with Campton Group Inc, its investment advisor and subsidiary.

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

18 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES – continued

Market price risk

Private equity investments are not immediately sensitive to market moves. However, over the medium/long term, the valuation multiples applied to private equity will be affected by significant changes in the listed equity markets.

The Company's portfolio consists of US dollar investments, except one Canadian investment detailed below, which are affected by movements in the sterling/dollar exchange rate (refer to foreign currency risk below).

At 31 March 2008, a 10% movement in the valuation of the Group's aggregate investments designated as fair value through profit or loss, would result in a 9.4% change in shareholders' funds.

The Review of investments on pages 7 to 12 provides information in respect of the investments. The method of valuing the investments is discussed in the accounting policies note on page 37.

Foreign currency risk

The Company is exposed to currency risk directly since the majority of its assets and liabilities are denominated in foreign currency and their sterling value can be significantly affected by movements in foreign exchange rates. The Company does not, nor does it intend to, hedge against foreign currency movements affecting the value of its investments.

The Company settles its transactions from its bank accounts at an agreed rate of exchange on the date on which any bargain was made. For the year ended 31 March 2008, realised exchange gains of £120,000 (2007: losses of £116,000) and unrealised losses relating to currency and other capital items of £149,000 (2007: losses of £501,000), have been taken to the capital reserve.

Details of the foreign currency exposure are detailed in the table below.

At 31 March 2008	<i>Investment</i>	<i>Other current</i>		<i>Investment</i>	<i>Other current</i>	
	<i>portfolio*</i>	<i>Cash</i>	<i>assets</i>	<i>portfolio*</i>	<i>Cash</i>	<i>assets</i>
	<i>Group</i>	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>	<i>Company</i>
	£'000	£'000	£'000	£'000	£'000	£'000
USA	72,451	4,569	150	72,451	4,485	122
UK	–	42	129	–	42	129
Canada	15	–	–	15	–	–
	72,466	4,611	279	72,466	4,527	251
<hr/>						
At 31 March 2007	<i>Investment</i>	<i>Other current</i>		<i>Investment</i>	<i>Other current</i>	
	<i>portfolio*</i>	<i>Cash</i>	<i>assets</i>	<i>portfolio*</i>	<i>Cash</i>	<i>assets</i>
	<i>Group</i>	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>	<i>Company</i>
	£'000	£'000	£'000	£'000	£'000	£'000
USA	85,095	708	615	85,095	666	609
UK	–	57	247	–	57	247
Canada	13	–	–	13	–	–
	85,108	765	862	85,108	723	856

* All portfolio stocks are US dollar denominated, with the exception of the Canadian investment.

If the sterling/dollar exchange rate had reduced by 10% from that obtained at 31 March 2008, it would have the effect, with all other variables held constant, of increasing the equity shareholders' funds by £8,052,000 (2007: £9,278,000).

NOTES TO THE ACCOUNTS (CONTINUED)

at 31 March 2008

18 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES – continued

Foreign currency risk – continued

If there had been an increase in the sterling/dollar exchange rate of 10% it would have the effect of decreasing the equity shareholders' funds by £6,588,000 (2007: £7,915,000).

The calculations are based on the investments held at fair value through profit or loss and the exchange rate of 1.9875 as at 31 March 2008 and these may not be representative of the year as a whole.

Financial liabilities

The Company finances its operations primarily through equity and retained revenue although trade creditors and accruals arise from its operations. At 31 March 2008 and 31 March 2007, all financial liabilities were due within one year. Other financial liabilities amounted to £126,000 (2007: £157,000) resulting from operating activities, and £8,000 (2007: Nil) from financing.

There were no borrowing facilities either drawn or undrawn at any time during the year.

Managing Capital

Capital structure

The capital structure of the Group consists of cash held and shareholders' equity. The Group's equity is analysed into its various components in note 13. Capital is managed so as to maximise the return to shareholders while maintaining a capital base to allow the Company to operate effectively in the marketplace and sustain future development of the business. Strong realisations from the investment portfolio in recent years have led to the return of capital to shareholders. This has been achieved through the buy back of shares.

Capital constraints

The Company operates so as to qualify as a UK Investment Trust for UK tax purposes which requires that any investment does not exceed 15% of the Company's portfolio at the point of investment.

The Group's capital requirement is reviewed regularly by the Board of the Company.

19 RELATED PARTY TRANSACTIONS

There have been no related party transactions in the year to 31 March 2008, other than the transactions between the Company and its subsidiary, Campton Group Inc. as disclosed in note 10.

20 BUSINESS COMBINATION

Private Equity Investor plc and Campton Group Inc have entered into three separate agreements: a Secured Convertible Promissory Note Agreement as of November 3, 2006; a Secured Convertible Promissory Note Agreement as of December 11, 2006; and a Secured Promissory Note Agreement as of February 13, 2007. The Company currently has a total investment of £226,415 in Campton Group Inc. If the Company was to exercise its conversion rights then it would hold a majority stake in Campton Group Inc.

GLOSSARY OF TERMS

Net asset value per ordinary share (“NAV”)

The NAV is the shareholders’ funds expressed as an amount per individual share. Shareholders’ funds are the total value of all the Company’s net assets, at fair value.

Discount

If the share price of an investment trust is lower than the NAV per share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

Total return

The total return is the aggregate of any dividends paid, together with the rise or fall in the NAV. Total return statistics enable the investor to make performance comparisons between trusts with different dividend policies. Any dividends (after tax) received by a shareholder are assumed to have been reinvested in either additional shares of the trust at the time the shares go ex-dividend (the share price total return) or in the assets of the trust at its NAV per share (the NAV total return).

Total expense ratio

The total expense ratio is calculated as total expenses incurred by the Company (excluding interest costs) as a percentage of average of total assets less current liabilities.

COMPANY INFORMATION

DIRECTORS

Peter Dicks (Non-Executive Chairman)
peter@peiplc.com

Colin Kingsnorth (Non-Executive)
Rory Macnamara (Non-Executive)
David Quysner CBE (Non-Executive)
Lady Barbara Judge (Non-Executive)

SECRETARY AND REGISTERED OFFICE

Capita Sinclair Henderson Limited
Beaufort House
51 New North Road
Exeter EX4 4EP
Tel: 01392 412122
Fax: 01392 253282

MANAGER

Private Equity Investor PLC
23 Bentinck Street
London W1U 2EZ
Tel: 0207 563 1630
Fax: 0207 486 4534
e-mail: nicky@peiplc.com
www.peiplc.com

BANKERS

Lloyds TSB Bank Plc
234 High Street
Exeter EX4 3NL

STOCKBROKERS

JP Morgan Cazenove and Co Limited
20 Moorgate
London EC2R 6DA

AUDITORS

Ernst & Young LLP
1 More London Place
London SE1 2AF

REGISTRAR & TRANSFER OFFICE

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA
Tel: 0870 162 3131
(calls will cost 10p per minute
plus network charges)
Fax: 01484 600 911
Overseas: 0044 208 639 3399

SOURCES OF FURTHER INFORMATION

The Company's share price is listed in the Financial Times under "Investment Companies".

KEY DATES

March	Company year-end
July	Annual results
September	Annual General Meeting
November	Half-year results

FREQUENCY OF NAV PUBLICATION

The Company's net asset value is released to the London Stock Exchange on a monthly basis and is updated on the Company's web page:- www.peiplc.com.

In accordance with the Disclosure and Transparency Rules, twice a year the Company will publish Interim Management Statements that will be released to the London Stock Exchange and published on the Company's web page.

Further copies of the annual report may be obtained from the Company Secretary.

Registered in England and Wales Number 3912487
A member of the Association of Investment Companies

APPENDIX

Explanatory Notes of Principal Changes to the Company's Articles of Association

We are asking shareholders to approve a number of amendments to our Articles of Association, primarily to reflect the provisions of the Companies Act 2006 that came into force on or before 6 April 2008, and to reflect the provisions of the Companies Act 2006 which are coming into force in October 2008. An explanation of the main changes between the proposed and existing Articles of Association is set out below.

The remaining provisions of the Companies Act 2006 are expected to come into force in October 2009. In addition, various regulations that relate to certain of these provisions have yet to be finalised. Consequently, it will be necessary for the Company to undertake a further review of its Articles of Association in due course in order to reflect these other provisions. As these further changes to the Articles of Association will be reasonably substantial in number, it is anticipated that the Company will adopt new Articles of Association at its next Annual General Meeting.

It is proposed to adopt new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Current Articles") primarily to take account of changes in English company law brought about by the Companies Act 2006 that came into force on or before 6 April 2008, and are coming into force in October 2008. The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted in this Appendix. The New Articles showing all the changes to the Current Articles are available for inspection at the Company's registered office: 51 New North Road, Exeter, EX4 4EP from 10am on 1 August 2008 until the close of the Annual General Meeting on 18 September 2008.

A copy of the New Articles will also be available on the Company's website: www.peiplc.com.

1. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

2. Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions have therefore been removed in the New Articles.

3. Adjournments

The Current Articles provide that the chairman of a general meeting can only adjourn general meetings with the consent of the meeting. The Company considers that there could be situations where the chairman should have the flexibility to adjourn meetings.

4. Convening extraordinary and annual general meetings

The provisions of the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed in the New Articles because the relevant matters are provided for in the Companies Act 2006. In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

APPENDIX (CONTINUED)

5. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Under the Companies Act 2006 ordinary resolutions cannot be passed using a chairman's casting vote. The New Articles reflect all of these new provisions.

6. Age of directors on appointment

The Current Articles contain a provision requiring a director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the director is proposed to be elected or re-elected. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

7. Conflicts of interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirements is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively.

8. Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles will permit communications to members in electronic form and, in addition, they will also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of electronic or website communications, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by those means. In the case of website communication, the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

9. General

Generally the opportunity has been taken to bring clearer language into the New Articles and to update for other legislative changes which do not have a material impact.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Private Equity Investor PLC will be held at the first floor of the Company's offices at 23 Bentinck Street, London W1U 2EZ at 11.00 am on Thursday, 18 September 2008, for the following purposes:

Ordinary business – To be proposed as ordinary Resolutions the following:

1. To adopt the accounts for the year ended 31 March 2008, together with the Reports of the Directors and Auditors.
2. To receive the Directors' remuneration report.
3. To declare a final dividend of 1.1p per ordinary share in respect of the year ended 31 March 2008.
4. To re-elect Mr Kingsnorth as a Director of the Company.
5. To re-elect Mr Quysner as a Director of the Company.
6. To re-appoint Ernst & Young LLP as Auditor to the Company, and to authorise the Directors to determine their remuneration.

Special business – To propose as Special Resolutions the following:

7. THAT the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of Section 163 of the Act) of its issued shares of 0.01p each in the capital of the Company ("shares").

provided always that

- (i) the maximum number of shares hereby authorised to be purchased shall be 6,404,240 (or if less 14.99% of the Ordinary shares in issue immediately following the passing of this Resolution);
 - (ii) the minimum price which may be paid for a share shall be 0.01p;
 - (iii) the maximum price which may be paid for a Share shall be the higher of (i) 105% of the average of the middle market quotations for a Share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is purchased and (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by article S (1) of commission regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2233/2003);
 - (iv) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors);
 - (v) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2009 unless the authority is renewed at any other general meeting prior to such time; and
 - (vi) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.
8. THAT the New Articles of Association, a copy of which was produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification, be hereby approved and adopted as the New Articles of Association of the Company in substitute for, and to the exclusion of, the existing Articles of Association.

Registered Office:
Beaufort House
51 New North Road
Exeter EX4 4EP

By Order of the Board
CAPITA SINCLAIR HENDERSON LIMITED
Secretary
31 July 2008

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

NOTES:

1. A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, Capita Registrars, Proxy Department, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time of the meeting. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every ordinary share of which he is the holder.
2. A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Note 1 above does not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.
3. As at 30 July 2008 (being the last business day prior to the publication of this notice) the Company's issued share capital and total voting rights amounted to 42,723,408 ordinary shares carrying one vote each.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those Shareholders registered on the Register of Members of the Company as at 11 am, 16 September 2008 (or in the event that the meeting is adjourned, only those Shareholders registered on the Register of Members of the Company as at 11 am on the day which is two days prior to the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the meeting so that:
 - (i) if a corporate Shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that corporate Shareholder present at the meeting then, on a poll, those corporate representatives will give voting directions to the Chairman of the meeting and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (ii) if more than one corporate representative for the same corporate Shareholder attends the meeting but the corporate Shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives in attendance on behalf of the corporate Shareholder who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate Shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in paragraph (i) of this Note 5.
6. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
7. The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at the offices of the Company at 23 Bentinck Street, London W1U 2EZ until the conclusion of the meeting:
 - a) Copies of the letters of appointment of the Chairman and the Non-executive Directors of the Company.
 - b) A copy of the proposed New Articles of Association of the Company, and a copy of the existing Articles of Association marked to show the changes being proposed in resolution 8.

Registered in England and Wales No. 3912487.

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FORM OF PROXY

FOR USE AT THE ANNUAL GENERAL MEETING OF PRIVATE EQUITY INVESTOR PLC

I/We (Block Capitals please)

.....
 being a member/members of Private Equity Investor PLC (“the Company”), hereby appoint the
 Chairman of the Meeting/

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the
 Company to be held at the first floor of the Company’s offices at 23 Bentinck Street, London W1U 2EZ
 at 11.00 am on Thursday, 18 September 2008, and at any adjournment thereof.

Signature

Date 2008

Please indicate with an X in the spaces below how you wish your votes to be cast.

		FOR	AGAINST	VOTE WITHHELD
RESOLUTION 1	To adopt the accounts for the year ended 31 March 2008, together with the Reports of the Directors and Auditors.			
RESOLUTION 2	To receive the Directors’ remuneration report.			
RESOLUTION 3	To declare a final dividend of 1.1p per ordinary share.			
RESOLUTION 4	To re-elect Mr Kingsnorth a Director of the Company.			
RESOLUTION 5	To re-elect Mr Quysner a Director of the Company.			
RESOLUTION 6	To re-appoint Ernst & Young LLP as Auditor to the Company, and to authorise the Directors to determine their remuneration.			
RESOLUTION 7	To approve the passing of Resolution 7 authorising the Company to purchase its shares as set out in the Notice of Annual General Meeting.			
RESOLUTION 8	To adopt the new Articles of Association.			

NOTES:

1. A member may appoint a proxy of his or her own choice. If such an appointment is made, delete the words “the Chairman of the Meeting” and insert the name of the person appointed proxy in the space provided.
2. The “Vote Withheld” option is provided to enable you to instruct the registered holder to abstain from voting. A “Vote Withheld” is not a vote in law and will not be counted in the calculation of the proportion of the votes “For” or “Against” a Resolution.
3. You are entitled to appoint more than one proxy provided that each proxy is appointed to exercise rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional Proxy Form(s) may be obtained by contacting the Registrars helpline on 0871 664 0300 (calls will cost 10p per minute plus network charges) or you may photocopy this form. Please indicate in the box next to the proxy holder’s name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided, if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope
4. If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
5. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
6. If this form is returned without any indication as to how the person appointed proxy shall vote, he/she will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
7. To be valid, this form must be completed and deposited at the office of the Registrar of the Company by post to Capita Registrars, Proxy Department, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand during normal business hours to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

Do not affix Postage Stamps if posting in
Gt. Britain, Channel Islands, or N. Ireland

Third fold and tuck in

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1



Capita Registrars
Proxies
PO Box 25
Beckenham
Kent
BR3 4BR

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