

PRIVATE EQUITY INVESTOR PLC

Half-Yearly Report 30 September 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.

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, which was obtained on 29 October 2008, permits the creation of a special distribution reserve. This will enable the Company to make further returns of capital to shareholders from time to time.

INVESTMENT OBJECTIVE AND POLICY (CONTINUED)

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.

SUMMARY OF RESULTS AND FINANCIAL HIGHLIGHTS

	<i>30 September 2008 Group</i>	<i>31 March 2008 Group</i>	<i>% change</i>
Net assets and shareholders’ funds in US\$	\$147,245,000	\$153,435,000	(4.03)
Net assets per ordinary share in US\$ “NAV”	344.65c	359.14c	(4.03)
Net assets and shareholders’ funds	£82,608,000	£77,200,000	7.01
Net assets per ordinary share “NAV”	193.36p	180.70p	7.01
Benchmark – NASDAQ Composite Index	2082.30	2279.10	(8.63)
Mid-market price per ordinary share	132.50p	144.50p	(8.30)
Discount to NAV	31.47%	20.03%	
Total return per ordinary share	13.80p	8.19p	
Exchange rate – US\$/£	1.78245	1.98750	
Number of ordinary shares in issue	42,723,408	42,723,408	

CHAIRMAN'S STATEMENT

I am pleased to present the unaudited interim results for Private Equity Investor PLC ("PEI" or "the Company") for the six months ended 30 September 2008.

Results and Dividend

During the period, the Group's Net Asset Value ("NAV") increased by 7.01% from 180.70 pence per share to 193.36 pence per share, largely as a result of the strengthening of the dollar, in which the Company's principal assets are denominated. In dollar terms, however, the NAV fell by 4.03% from 359.14 cents per share to 344.65 cents per share reflecting some reduction in the value of the Company's portfolio. By comparison the NASDAQ Composite Index fell by 8.63% (from 2279.1 to 2082.3). The dollar exchange rate moved 10.1% in the Company's favour, from \$1.98 at 1 April 2008 to \$1.78 at 30 September 2008.

No dividend is proposed for the period.

Portfolio Review

As at 30 September 2008 the Company was invested in 23 venture funds, all based in the USA, with a value of \$93.0 million. The original portfolio from the 1999/2000 period accounted for \$86.2 million in value, with the balance of \$6.8 million from the five "warehoused" limited partnership investments made in 2006/2007. PEI's cash and readily realisable assets totalled \$51.7 million, compared with outstanding commitments of \$19.9 million. Of this figure approximately \$5.6 million is due to be called from the original portfolio and \$14.3 million from the five new "warehoused" funds. In the six month period the Company paid \$4.9 million in capital drawdowns to its Limited Partnerships, of which \$2.8 million was for calls to the original Limited Partnerships, compared with \$3.3 million for the equivalent period to 30 September 2007.

Distributions received in the period from PEI's Limited Partnerships were \$3.64 million compared with \$19.9 million in the six months to March 2008 and \$9.0 million for the equivalent period to 30 September 2007. Of this figure approximately \$2.8 million came from the original portfolio, of which cash distributions accounted for \$1.2 million and stock for \$1.6 million. The largest amounts of cash came from Oak Investment Partners X and Focus Ventures II. PEI received \$620k from the sale by Oak of their holding in CBORD Group, resulting in a 4.1x gross return on the underlying investment, and a further \$350k was received from Focus Ventures II as a result of the sale of part of their shares in Starent Networks which resulted in a 7.0x gross multiple return on that tranche.

During the period under review none of the underlying portfolio companies undertook IPO's.

Tender Offer

Following the Tender Offer made last November, which resulted in the return of £12.5 million to shareholders, a similar exercise is planned for this year. In order to facilitate this, the Company has applied for and received court approval for the cancellation of its entire share premium account which amount has been used to create a special reserve which can be used for, amongst other things, share buy-backs. Allowing for all outstanding portfolio commitments and current liabilities, the Company has excess cash of approximately £20 million. We plan to return £17.5 million to shareholders before year-end through a further Tender Offer. Assuming this tender is fully taken up the Company will have returned £30 million to shareholders of the £100 million originally subscribed.

Campton

As reported previously, Campton advises the Company on its existing portfolio and intends to develop a fund-of-funds management and advisory business. PEI has made commitments totalling \$22 million to five highly regarded venture capital funds with the intention of transferring these to a new fund-of-funds vehicle which Campton is currently in the process of raising. Progress on this fundraising has inevitably slowed as a result of the global financial crisis. However, based on recent discussions with a number of potential investors, and provided that market and economic conditions stabilise, Campton's management is optimistic that it will ultimately be successful in raising its new fund-of-funds vehicle. The five "warehoused" funds – which have shown encouraging progress – will be the cornerstone of Campton's new fund-of-funds. The Company will benefit from this fundraising exercise by having a majority interest in Campton.

CHAIRMAN'S STATEMENT (CONTINUED)

Outlook

According to a new study released from PricewaterhouseCoopers LLP, the venture capital-backed IPO market is at a 30-year low, with the second quarter of 2008 being the first time since 1978 that there have been no venture capital-backed IPO's in a given quarter. There was just one venture capital-backed IPO during the third quarter of 2008 (Rackspace Hosting). In the first three quarters of 2008, there have been six IPOs of venture-backed companies, representing the lowest volume for the first three quarters of any year since 1977. As of 30 September 2008, thirty-eight venture-backed companies had filed with the SEC for an IPO. This level falls short of Q2 2008 when 42 venture-backed companies were in registration. Additionally, 28 venture-backed companies have withdrawn from registration in the year-to-date period.

In view of the crisis in the financial markets it looks unlikely that the low levels of IPOs will change much in the short term. Similarly, the number of M&A exits, for venture-backed companies, is also likely to be at a lower level. Consequently, venture capital groups are likely to have to hold on to and, in some cases, finance their companies for longer than was originally anticipated which is likely to cause them to take a more cautious attitude. Venture Capitalists are advising their investee companies to cut costs, try to get to profitability more quickly and take all possible steps to conserve cash. One result of this trend is that the Company's receipt of distributions is likely to slow down until this situation improves.

Up until recently venture groups had been investing steadily but we consider that this level of investing is likely to slow. On the other hand, several venture groups have recently commented favourably on the attractive opportunities which they now expect to find as a result of this crisis. In this environment it is clear that venture capitalists will be highly selective with regard to the companies in which they invest and, at the same time, will want to ensure that they do not over-pay for deals. If history is a reliable guide, these disciplines should prove very beneficial to investors in terms of future returns.

PETER F. DICKS

Chairman

21 November 2008

INTERIM MANAGEMENT REPORT

The important events that have occurred during the period under review are set out in the Chairman's Statement. The key factors influencing the financial statements are also set out in the Chairman's Statement.

The principal risks and uncertainties for the remaining six months of the financial year are reviewed in the Outlook section of the Chairman's Statement.

RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the Half-Yearly Report has been prepared in accordance with applicable accounting standards in the United Kingdom, and give a true and fair view of the assets, liabilities, financial position and profit of the Company as required by the Disclosure and Transparency Rules ("DTR") 4.2.4R;
- the interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

This Half-Yearly Report was approved by the Board of Directors on 21 November 2008 and the above responsibility statement was signed on its behalf by Peter F. Dicks, Chairman.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the six months to 30 September 2008

	2008			2007		
	<i>Revenue return</i>	<i>Capital return</i>	<i>Total</i>	<i>restated* Revenue return</i>	<i>restated* Capital return</i>	<i>restated* Total</i>
Notes	£'000	£'000	£'000	£'000	£'000	£'000
Gains/(losses) on investments at fair value through profit and loss	–	5,783	5,783	–	(849)	(849)
Exchange gains/(losses) on other items	–	159	159	–	(103)	(103)
	–	5,942	5,942	–	(952)	(952)
Operating income						
Investment income	417	–	417	788	–	788
Other operating income	(10)	–	(10)	61	–	61
Total operating income	407	–	407	849	–	849
Operating expenses						
Administrative expenses	(455)	–	(455)	(457)	–	(457)
Total expenses	(455)	–	(455)	(457)	–	(457)
Operating profit	(48)	5,942	5,894	392	(952)	(560)
Profit before tax	(48)	5,942	5,894	392	(952)	(560)
Tax	–	–	–	–	–	–
Profit for the period	(48)	5,942	5,894	392	(952)	(560)
Attributable to:						
Equity holders of the parent	(48)	5,942	5,894	372	(952)	(580)
Minority interest	–	–	–	20	–	20
Earning per share						
From continuing activities						
Basic	(0.11)p	13.91p	13.80p	0.74p	(1.90)p	(1.16)p

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 half-yearly report to 30 September 2007. An explanation of the prior year adjustment is shown in the notes to the accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six months to 30 September 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
Six months to 30 September 2008							
As at 1 April 2008	4	96,862	1	(20,117)	9	441	77,200
Group profit for the period	–	–	–	5,942	(16)	(48)	5,878
Dividends paid	–	–	–	–	–	(470)	(470)
As at 30 September 2008	4	96,862	1	(14,175)	(7)	(77)	82,608
Six months to 30 September 2007							
As at 1 April 2007	5	96,862	–	(10,732)	4	430	86,569
Group profit for the period	–	–	–	(952)	4	372	(576)
Minority interest	–	–	–	–	–	20	20
As at 30 September 2007	5	96,862	–	(11,684)	8	822	86,013
Year ended 31 March 2008							
As at 1 April 2007	5	96,862	–	(10,732)	4	430	86,569
Group profit for the year	–	–	–	3,356	5	561	3,922
Dividends paid	–	–	–	–	–	(550)	(550)
Tender offer	(1)	–	1	(12,741)	–	–	(12,741)
As at 31 March 2008	4	96,862	1	(20,117)	9	441	77,200

COMPANY STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six months to 30 September 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
Six months to 30 September 2008						
As at 1 April 2008	4	96,862	1	(20,117)	586	77,336
Profit for the year	–	–	–	5,942	(173)	5,769
Dividends paid	–	–	–	–	(470)	(470)
As at 30 September 2008	4	96,862	1	(14,175)	(57)	82,635
Six months to 30 September 2007						
As at 1 April 2007	5	96,862	–	(10,732)	573	86,708
Profit for the year	–	–	–	(952)	229	(723)
As at 30 September 2007	5	96,862	–	(11,684)	802	85,985
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	(1)	–	1	(12,741)	–	(12,741)
As at 31 March 2008	4	96,862	1	(20,117)	586	77,336

SUMMARISED CONSOLIDATED BALANCE SHEET (UNAUDITED)

	<i>As at</i> 30 September 2008 £'000	<i>As at</i> 31 March 2008 £'000	<i>As at</i> 30 September 2007 £'000
Non-current assets			
Investments at fair value through profit or loss	81,465	72,466	82,540
Property, plant and equipment	5	4	4
Net current assets	1,138	4,730	3,469
Net assets	82,608	77,200	86,013
 Capital and reserves			
Share capital	4	4	5
Share premium account*	96,862	96,862	96,862
Capital redemption reserve	1	1	–
Capital reserve	(14,175)	(20,117)	(11,684)
Currency translation reserve	(7)	9	8
Retained earnings	(77)	441	802
Shareholders' funds	82,608	77,200	85,993
Minority Interest	–	–	20
Total equity	82,608	77,200	86,013
Net asset value per ordinary share (“Shareholders’ funds”)	193.36p	180.70p	172.03p

* The share premium account was converted to a special reserve on 29 October 2008 following court approval.

SUMMARISED COMPANY BALANCE SHEET (UNAUDITED)

	<i>As at</i> 30 September 2008 £'000	<i>As at</i> 31 March 2008 £'000	<i>As at</i> 30 September 2007 £'000
Non-current assets			
Investments at fair value through profit or loss	81,465	72,466	82,540
Investment in subsidiary undertaking	253	226	221
Net current assets	917	4,644	3,224
Net assets	82,635	77,336	85,985
Capital and reserves			
Share capital	4	4	5
Share premium account*	96,862	96,862	96,862
Capital redemption reserve	1	1	–
Capital reserve	(14,175)	(20,117)	(11,684)
Retained earnings	(57)	586	802
Total equity	82,635	77,336	85,985
Net asset value per ordinary share	193.42p	181.02p	171.97p

* The share premium account was converted to a special reserve on 29 October 2008 following court approval.

SUMMARISED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

for the six months to 30 September 2008

	<i>Notes</i>	2008 £'000	2007 £'000
Cash flows from operating activities			
Consolidated net return/(loss) before tax		5,894	(560)
Adjustments to reconcile net return before tax to net cash flows from operating activities:			
(Gains)/losses on investments		(5,942)	952
Exchange gains/(losses)		68	(10)
Decrease in trade and other payables		(65)	(18)
Decrease in trade and other receivables		55	48
Purchases of investments		(9,499)	(2,694)
Sales of investments		6,351	4,696
		<hr/>	<hr/>
Net cash flows (used in)/generated from operating activities		(3,138)	2,414
		<hr/>	<hr/>
Net cash used in financing activities		(470)	–
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(3,608)	2,414
		<hr/>	<hr/>
Cash and cash equivalents at beginning of year		4,611	765
		<hr/>	<hr/>
Effect of foreign exchange rates on cash and cash equivalents		72	(74)
		<hr/>	<hr/>
Cash and cash equivalents at end of year	3	1,075	3,105
		<hr/>	<hr/>

SUMMARISED COMPANY CASH FLOW STATEMENT (UNAUDITED)

for the six months to 30 September 2008

	<i>Notes</i>	2008 £'000	2007 £'000
Cash flows from operating activities			
Company net return/(loss) before tax		5,768	(714)
Adjustments to reconcile net return before tax to net cash flows from operating activities:			
(Gains)/losses on investments		(5,942)	944
Exchange gains/(losses)		59	(19)
Decrease in trade and other payables		(22)	(15)
Decrease/(increase) in trade and other receivables		37	(98)
Purchases of investments		(9,499)	(2,694)
Sales of investments		6,351	4,696
		<hr/>	<hr/>
Net cash flows (used in)/generated from operating activities		(3,248)	2,100
		<hr/>	<hr/>
Net cash used in investing activities		–	(40)
		<hr/>	<hr/>
Net cash used in financing activities		(470)	–
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(3,718)	2,060
		<hr/>	<hr/>
Cash and cash equivalents at beginning of year		4,527	723
		<hr/>	<hr/>
Effect of foreign exchange rates on cash and cash equivalents		72	(74)
		<hr/>	<hr/>
Cash and cash equivalents at end of year	3	881	2,709
		<hr/>	<hr/>

INVESTMENT PORTFOLIO

at 30 September 2008

	<i>Total commitment</i>	<i>Fair value</i>	<i>Fair value</i>	<i>% of net assets</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>£'000</i>	<i>2008</i>
<i>Unquoted Venture Capital Funds</i>				
APV Technology Partners III	5,000	441	247	0.3
Bay III	5,000	395	222	0.2
Crescendo IV	10,000	4,531	2,542	3.0
Dawntreader Fund II	30,000	15,337	8,605	10.4
Draper Fisher Jurvetson ePlanet Ventures	30,000	13,276	7,448	9.0
Draper Fisher Jurvetson Fund VI	2,000	1,447	812	1.0
Draper Fisher Jurvetson Fund VII	5,000	3,711	2,082	2.5
Draper Fisher Jurvetson Gotham Venture Fund	3,000	2,164	1,214	1.5
Focus Ventures II	30,000	8,338	4,678	5.7
Francisco Partners II	5,000	2,434	1,366	1.7
Institutional Venture Partners XII	5,000	1,399	785	1.0
New Enterprise Associates 9	5,000	1,484	832	1.0
New Enterprise Associates 10	10,000	5,671	3,181	3.9
New Enterprise Associates 12	3,000	1,458	818	1.0
Oak Investment Partners X	10,000	6,604	3,705	4.5
Sprout Capital IX	3,750	1,687	946	1.1
Technology Crossover Ventures IV	25,000	9,022	5,062	6.1
Vanguard VII	3,000	1,311	736	0.9
VantagePoint Venture Partners IV	10,000	8,807	4,941	6.0
VantagePoint Venture Partners 2006 Fund	5,000	1,162	652	0.8
Vector Capital IV	4,000	330	185	0.2
Zone Ventures II	10,000	1,768	992	1.2
Zone Ventures II Annex	400	259	145	0.2
<i>Total Unquoted Venture Capital Funds</i>	<u>219,150</u>	<u>93,036</u>	<u>52,196</u>	<u>63.2</u>
<i>Open-ended Investment Funds</i>				
Global Treasury Funds Plc – USD Fund	–	6,500	3,647	4.4
Global Treasury Funds Plc – GBP Fund	–	8,912	5,000	6.1
JP Morgan USD Liquidity Distribution Fund	–	18,000	10,098	12.2
Merrill Lynch Institutional USD Fund	–	18,000	10,098	12.2
Total Open-ended Investment Funds	<u>–</u>	<u>51,412</u>	<u>28,843</u>	<u>34.9</u>
<i>Other investments held directly by the Company</i>				
<i>Common Stock*</i>				
Artemis International Solutions	–	–	–	0.0
Auxilium Pharmaceuticals	–	57	32	0.0
Broadcom Corporation Class A	–	11	6	0.0
Divx Inc	–	691	388	0.5
Total other investments	<u>–</u>	<u>759</u>	<u>426</u>	<u>0.5</u>
Total investments	<u>219,150</u>	<u>145,207</u>	<u>81,465</u>	<u>98.6</u>
Other non-current assets		9	5	0.0
Net current assets		<u>2,029</u>	<u>1,138</u>	<u>1.4</u>
Net assets		<u>147,245</u>	<u>82,608</u>	<u>100.0</u>

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

NOTES TO THE FINANCIAL STATEMENTS

at 30 September 2008

1 Financial information

The financial information contained in this report does not constitute full statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the six months ended 30 September 2008 and 30 September 2007 has not been audited nor reviewed by the Company's Auditor pursuant to the Auditing Practices Board guidance on such reviews.

The information for the year ended 31 March 2008 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the Auditor on those financial statements contained no qualification or statement under sections 237 (2) or (3) of the Companies Act 1985.

Basis of Accounting

The consolidated half-yearly 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 half-yearly 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 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 principal 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 £253,000 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 30 September 2008

1 Financial information – continued

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 with in the accounts of the Group, is £5,769,000 (2007: Loss £723,000).

2 Tax credit/charge on ordinary activities

The tax charge for the half-year is nil (30 September 2007: nil; 31 March 2008: nil) based on an estimated effective tax rate of 0% for the year ending 31 March 2008. The estimated effective tax rate is 0% as investment gains are exempt from Capital Gains Tax owing to the Company's status as an Investment Trust. There is expected to be an excess of management expenses over taxable income and therefore there is no liability to Corporation Tax during the half-year to 30 September 2008 (30 September 2007: nil; 31 March 2008: nil).

3 Reconciliation of net cash flow to net funds

	2008		2007	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£'000	£'000	£'000	£'000
(Decrease)/increase in cash in the period	(3,608)	(3,718)	2,414	2,060
Effect of foreign exchange rate movements	72	72	(74)	(74)
	(3,536)	(3,646)	2,340	1,986
Movement in cash and cash equivalents				
Cash and cash equivalents at beginning of the period	4,611	4,527	765	723
	1,075	881	3,105	2,709
Cash and cash equivalents at the end of the period				

Cash and cash equivalents are comprised as follows:

	2008		2007	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£'000	£'000	£'000	£'000
Cash at bank	1,075	881	3,105	2,709

4 Commitments and Contingent Liabilities

At 30 September 2008 there were financial commitments outstanding of \$19.9 million (£11.2 million) (2007: \$37.8 million (£18.6 million)) in respect of outstanding call commitments to limited partnerships.

5 Accounting policies

The financial statements are prepared on the basis of the accounting policies set out in note 1 of the annual financial statements for the year ended 31 March 2008.

COMPANY INFORMATION

DIRECTORS (all Non-Executive)

Peter Dicks (Chairman)
Lady Judge
Colin Kingsnorth
Rory Macnamara
David Quysner CBE

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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	Interim 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.

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

