

PRIVATE EQUITY INVESTOR PLC

Half-Yearly Report 30 September 2009

PRIVATE EQUITY INVESTOR PLC
HALF-YEARLY REPORT 30 SEPTEMBER 2009

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 the 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.

Distributions

The Funds provide little 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. After receiving shareholder and court approval to cancel the Company's Share Premium Account in November 2008 a special reserve, which is distributable, was created and the Company made a further tender offer, of up to £17.5 million, in December 2008, which was also fully taken up.

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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 advisor. The Company has previously provided Campton with finance with a view to developing Campton's private equity fund-of-funds management and advisory business.

Campton

As reported previously, Campton advises the Company on its existing portfolio and has been developing a fund-of-funds management and advisory business. Campton's efforts to develop its business have been hindered as a result of the global financial crisis. While Campton continues its efforts, the Company and Campton are also exploring strategic alternatives for Campton's business.

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SUMMARY OF RESULTS AND FINANCIAL HIGHLIGHTS

	30 September 2009 Group	<i>31 March 2009 Group</i>	<i>% change</i>
Net assets and shareholders' funds in US\$	\$110,387,000	\$107,101,000	3.07
Net assets per ordinary share in US\$ "NAV"	315.81c	306.41c	3.07
Net assets and shareholders' funds	£69,020,000	£74,721,000	(7.63)
Net assets per ordinary share "NAV"	197.46p	213.77p	(7.63)
Benchmark – NASDAQ Composite Index	2,122.42	1,528.59	38.85
Mid-market price per ordinary share	129.50p	110.50p	17.19
Discount to NAV	34.42%	48.31%	
Net revenue (loss)/return after taxation	£(555,000)	£(466,000)	
Net total return	£(5,723,000)	£15,803,000	
Total return per ordinary share	(16.37)p	39.04p	
Total expense ratio	1.65%	1.43%	
Exchange rate – US\$/£	\$1.5994	\$1.4334	
Number of ordinary shares in issue	34,953,675	34,953,675	

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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 2009.

Results and Dividend

At the period end, the Company's Net Asset Value ("NAV") was 197.46 pence per share compared with 213.77 pence per share at 31 March 2009. PEI's principal assets are denominated in dollars and this 7.63% decrease in NAV largely resulted from a weakening of the dollar, which fell by 11.89% against sterling from \$1.43 at 1 April 2009 to \$1.60 at 30 September 2009.

In dollar terms the Company's NAV increased by 3.07% from 306.41 cents per share to 315.81 cents per share. The discount narrowed from 48.31% to 34.42% and the Company's share price increased by 17.19% during the period, from 110.50 pence to 129.50 pence.

No dividend is proposed for the period.

Portfolio Review

At 30 September 2009 the Company was invested in 23 US venture funds with a value of \$86.71 million. PEI's cash and readily realisable assets totalled \$23.22 million, compared with outstanding commitments of \$15.11 million. In the six month period, drawdowns relating to the Company's capital commitments to its Limited Partnership investments were \$960,000.

Distributions received in the period from PEI's Limited Partnerships were \$3.80 million compared with \$1.61 million in the six months to March 2009 and \$3.64 million for the equivalent period to 30 September 2008. Cash distributions accounted for \$1.46 million and stock for \$2.34 million. The largest amount of cash came from Focus Ventures II. PEI received approximately \$750k from the sale by Focus of part of its holding in Cisco - acquired when Cisco bought Pure Digital in May 2009. A final distribution of \$1.1 million, received from the sale of Data Domain shares held by NEA 10, was the largest stock distribution received during the period. Both distributions provided a significant return to PEI.

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

Campton Group, Inc.

As reported previously, Campton advises the Company on its existing portfolio and has been developing a fund-of-funds management and advisory business. Campton's efforts to develop its business have been hindered as a result of the global financial crisis but it continues with these efforts.

Outlook

Whilst concerns continue about the longer term impact of the recession, there are some early signs of recovery that are encouraging for the US venture capital industry. In particular, the IPO market has recently reopened and September's \$380 million IPO of A123 Systems (a cleantech battery systems company) was the largest venture-backed IPO since March 2007. There were eight venture-backed IPOs during the first nine months of this year, already beating the full-year total of six IPOs in 2008 and at the end of September 2009, all but one of these was trading above its offer price. The number of venture-backed companies in IPO registration remains low at 18 (compared with 38 at the same time last year) but it has been reported that many companies are preparing to file registration statements in the near future.

The M&A market statistics for the second and third quarters of 2009 are not quite as encouraging, with a total of 126 transactions reported for the second and third quarters of 2009, compared with 172 for the same period in 2008.

We expect that IPO and M&A activity will remain at current levels in the short-term and that, in this environment, there will not be a major change in the pace of the Company's receipt of distributions. However, we are encouraged by the quality of many of PEI's underlying portfolio companies and believe that further, significant value will be released as markets improve.

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CHAIRMAN'S STATEMENT (CONTINUED)

The Company expects to continue to buy back shares or make distributions when cash balances reach appropriate levels as a result of distributions from the portfolio. The Board also continues to seek to maximise the value for its investment portfolio and reviews proposals as they arise from time to time. The Company has received indicative non binding offers for its investment portfolio but at levels which in aggregate would not realise cash equivalent to the current market price of its listed shares. An announcement will be made at the appropriate time if the Board determines to take any such proposals forward.

PETER F.DICKS
Chairman
24 November 2009

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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 24 November 2009 and the above responsibility statement was signed on its behalf by Peter F. Dicks, Chairman.

PRIVATE EQUITY INVESTOR PLC
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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the six months to 30 September 2009

	2009			2008		
	<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>Total</i>	<i>return</i>	<i>return</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
(Losses)/gains on investments at fair value through profit and loss	-	(4,525)	(4,525)	-	5,783	5,783
Exchange (losses)/gains on other items	-	(643)	(643)	-	159	159
	-	(5,168)	(5,168)	-	5,942	5,942
Operating income						
Investment income	14	-	14	417	-	417
Other operating income	2	-	2	(10)	-	(10)
Total operating income	16	-	16	407	-	407
Operating expenses						
Administrative expenses	(571)	-	(571)	(455)	-	(455)
Total expenses	(571)	-	(571)	(455)	-	(455)
Operating (loss)/profit	(555)	(5,168)	(5,723)	(48)	5,942	5,894
(Loss)/profit before tax	(555)	(5,168)	(5,723)	(48)	5,942	5,894
Tax	-	-	-	-	-	-
(Loss)/profit for the period	(555)	(5,168)	(5,723)	(48)	5,942	5,894
Attributable to:						
Equity holders of the parent	(555)	(5,168)	(5,723)	(48)	5,942	5,894
Minority interest	-	-	-	-	-	-
Earning per share						
From continuing activities						
Basic	(1.59)p	(14.78)p	(16.37)p	(0.11)p	13.91p	13.80p

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.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six months to 30 September 2009

	<i>Share capital</i>	<i>Share premium account</i>	<i>Special reserve</i>	<i>Capital redemption reserve</i>	<i>Capital reserve</i>	<i>Currency translation reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Six months to 30 September 2009								
As at 1 April 2009	3	-	79,072	2	(3,848)	(13)	(495)	74,721
Group (loss)/profit for the period	-	-	-	-	(5,168)	22	(555)	(5,701)
Dividends paid	-	-	-	-	-	-	-	-
As at 30 September 2009	3	-	79,072	2	(9,016)	9	(1,050)	69,020
Six months to 30 September 2008								
As at 1 April 2008	4	96,862		1	(20,117)	9	441	77,200
Group profit/(loss) 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
Year ended 31 March 2009								
As at 1 April 2008	4	96,862	-	1	(20,117)	9	441	77,200
Group profit/(loss) for the year	-	-	-	-	16,269	(22)	(466)	15,781
Dividends paid	-	-	-	-	-	-	(470)	(470)
Transfer Between Reserves*	-	(96,862)	96,862	-	-	-	-	-
Tender offer*	(1)	-	(17,790)	1	-	-	-	(17,790)
As at 31 March 2009	3	-	79,072	2	(3,848)	(13)	(495)	74,721

* After receiving shareholder and court approval to cancel the Company's Share Premium Account in November 2008 a Special Reserve, which is distributable, was created and the Company made a tender offer, of up to £17.5 million, in December 2008, which was fully taken up.

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COMPANY STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the six months to 30 September 2009

	<i>Share capital</i> £'000	<i>Share premium account</i> £'000	<i>Special Reserve</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 2009							
As at 1 April 2009	3	-	79,072	2	(3,848)	(251)	74,978
Loss for the period	-	-	-	-	(5,168)	(651)	(5,819)
Dividends paid	-	-	-	-	-	-	-
As at 30 September 2009	3	-	79,072	2	(9,016)	(902)	69,159
Six months to 30 September 2008							
As at 1 April 2008	4	96,862	-	1	(20,117)	586	77,336
Profit/(loss) for the period	-	-	-	-	5,942	(173)	5,769
Dividends paid	-	-	-	-	-	(470)	(470)
As at 30 September 2008	4	96,862	-	1	(14,175)	(57)	82,635
Year ended 31 March 2009							
As at 1 April 2008	4	96,862	-	1	(20,117)	586	77,336
Profit/(loss) for the year	-	-	-	-	16,269	(367)	15,902
Dividends paid	-	-	-	-	-	(470)	(470)
Transfer between reserves*	-	(96,862)	96,862	-	-	-	-
Tender offer*	(1)	-	(17,790)	1	-	-	(17,790)
As at 31 March 2009	3	-	79,072	2	(3,848)	(251)	74,978

* After receiving shareholder and court approval to cancel the Company's Share Premium Account in November 2008 a Special Reserve, which is distributable, was created and the Company made a tender offer, of up to £17.5 million, in December 2008, which was fully taken up.

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SUMMARISED CONSOLIDATED BALANCE SHEET (UNAUDITED)

	<i>As at</i> <i>30 September 2009</i> <i>£'000</i>	<i>As at</i> <i>31 March 2009</i> <i>£'000</i>	<i>As at</i> <i>30 September 2008</i> <i>£'000</i>
Non-current assets			
Investments at fair value through profit or loss	63,492	67,762	81,465
Property, plant and equipment	5	6	5
Net current assets	<u>5,523</u>	<u>6,953</u>	<u>1,138</u>
Net assets	<u>69,020</u>	<u>74,721</u>	<u>82,608</u>
Capital and reserves			
Share capital	3	3	4
Share premium account *	-	-	96,862
Special Reserve	79,072	79,072	-
Capital redemption reserve	2	2	1
Capital reserve	(9,016)	(3,848)	(14,175)
Currency translation reserve	9	(13)	(7)
Retained earnings	<u>(1,050)</u>	<u>(495)</u>	<u>(77)</u>
Shareholders' funds	<u>69,020</u>	<u>74,721</u>	<u>82,608</u>
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total equity	<u>69,020</u>	<u>74,721</u>	<u>82,608</u>
Net asset value per ordinary share ("Shareholders' funds")	<u>197.46p</u>	<u>213.77p</u>	<u>193.36p</u>

* The Share Premium Account was converted to a Special Reserve on 29 October 2008 following court approval.

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SUMMARISED COMPANY BALANCE SHEET (UNAUDITED)

	<i>As at</i> 30 September 2009 £'000	<i>As at</i> 31 March 2009 £'000	<i>As at</i> 30 September 2008 £'000
Non-current assets			
Investments at fair value through profit or loss	63,492	67,762	81,465
Investment in subsidiary undertaking	444	495	253
Net current assets	<u>5,223</u>	<u>6,721</u>	<u>917</u>
Net assets	<u>69,159</u>	<u>74,978</u>	<u>82,635</u>
Capital and reserves			
Share capital	3	3	4
Share premium account *	-	-	96,862
Share Reserve	79,072	79,072	-
Capital redemption reserve	2	2	1
Capital reserve	(9,016)	(3,848)	(14,175)
Retained earnings	<u>(902)</u>	<u>(251)</u>	<u>(57)</u>
Total equity	<u>69,159</u>	<u>74,978</u>	<u>82,635</u>
Net asset value per ordinary share	<u>197.86p</u>	<u>214.51p</u>	<u>193.42p</u>

* The Share Premium Account was converted to a Special Reserve on 29 October 2008 following court approval.

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SUMMARISED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

for the six months to 30 September 2009

	<i>As at</i>	<i>As at</i>
	<i>30 September</i>	<i>30 September</i>
	<i>2009</i>	<i>2008</i>
<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
Cash flows from operating activities		
Consolidated net (loss)/return before tax	(5,723)	5,894
Adjustments to reconcile net return before tax to net cash flows from operating activities:		
Losses/(gains) on investments	5,168	(5,942)
Exchange (losses)/gains	(40)	68
Increase/(decrease) in trade and other payables	31	(65)
Decrease in trade and other receivables	4	55
Purchases of investments	(2,657)	(9,499)
Sales of investments	2,402	6,351
	<hr/>	<hr/>
Net cash flows used in operating activities	(815)	(3,138)
Net cash used in financing activities	(19)	(470)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(834)	(3,608)
Cash and cash equivalents at beginning of period	7,035	4,611
Effect of foreign exchange rates on cash and cash equivalents	(580)	72
	<hr/>	<hr/>
Cash and cash equivalents at end of period	3 5,621	1,075
	<hr/>	<hr/>

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SUMMARISED COMPANY CASH FLOW STATEMENT (UNAUDITED)
for the six months to 30 September 2009

	<i>As at</i> 30 September <i>2009</i> <i>£'000</i>	<i>As at</i> <i>30 September</i> <i>2008</i> <i>£'000</i>
Cash flows from operating activities		
Company net (loss)/return before tax	(5,819)	5,768
Adjustments to reconcile net return before tax to net cash flows from operating activities:		
Losses/(gains) on investments	5,168	(5,942)
Exchange (losses)/gains	(40)	59
Increase/(decrease) in trade and other payables	31	(22)
(Increase)/decrease in trade and other receivables	(3)	37
Purchases of investments	(2,657)	(9,499)
Sales of investments	2,402	6,351
Net cash flows used in operating activities	(918)	(3,248)
Net cash used in financing activities	(19)	(470)
Net decrease in cash and cash equivalents	(937)	(3,718)
Cash and cash equivalents at beginning of period	6,774	4,527
Effect of foreign exchange rates on cash and cash equivalents	(551)	72
Cash and cash equivalents at end of period	5,286	881
	3	

PRIVATE EQUITY INVESTOR PLC
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INVESTMENT PORTFOLIO
as at 30 September 2009

	<i>Total Commitment</i>	<i>Fair Value</i>	<i>Fair Value</i>	<i>Net Assets</i>
	US\$'000	US\$'000	£'000	2009
<i>Unquoted Venture Capital Funds</i>				
APV Technology Partners III	5,000	405	253	0.4
Bay III	5,000	133	83	0.1
Crescendo IV	10,000	4,071	2,545	3.7
Dawntreader Fund II	30,000	12,775	7,988	11.6
Draper Fisher Jurvetson ePlanet Ventures	30,000	12,008	7,508	10.9
Draper Fisher Jurvetson Fund VI	2,000	1,378	861	1.2
Draper Fisher Jurvetson Fund VII	5,000	3,494	2,185	3.2
Draper Fisher Jurvetson Gotham Venture Fund	3,000	2,006	1,255	1.8
Focus Ventures II	30,000	9,660	6,040	8.8
Francisco Partners II	5,000	2,977	1,861	2.7
Institutional Venture Partners XII	5,000	2,094	1,309	1.9
New Enterprise Associates 9	5,000	1,339	837	1.2
New Enterprise Associates 10	10,000	3,926	2,455	3.6
New Enterprise Associates 12	3,000	1,799	1,125	1.6
Oak Investment Partners X	10,000	6,130	3,833	5.6
Sprout Capital IX	3,750	1,582	989	1.4
Technology Crossover Ventures IV	25,000	8,879	5,552	8.0
Vanguard VII	3,000	896	560	0.8
VantagePoint Venture Partners IV	10,000	7,541	4,715	6.8
VantagePoint Venture Partners 2006 Fund	5,000	1,440	901	1.3
Vector Capital IV	4,000	639	400	0.6
Zone Ventures II	10,000	1,427	892	1.3
Zone Ventures II Annex	400	114	71	0.1
<i>Total Unquoted Venture Capital Funds</i>	219,150	86,713	54,218	78.6
<i>Open-ended Investment Funds</i>				
Global Treasury Funds Plc - GBP Fund	-	3,231	2,020	2.9
JP Morgan USD Liquidity Distribution Fund	-	5,500	3,439	5.0
Merrill Lynch Institutional USD Fund	-	5,500	3,439	5.0
<i>Total Open-ended Investment Funds</i>	-	14,231	8,898	12.9
<i>Other Investments held directly by the Company</i>				
<i>Common Stock*</i>				
Artemis International Solutions	-	-	-	0.0
Broadcom Corporation Class A	-	18	11	0.0
Divx Inc	-	583	365	0.5
<i>Total other investments</i>	-	601	376	0.5
Total investments	219,150	101,545	63,492	92.0
Other non-current assets		8	5	0.0
Net current assets		8,834	5,523	8.0
Net assets		110,387	69,020	100.0

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

PRIVATE EQUITY INVESTOR PLC
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NOTES TO THE FINANCIAL STATEMENTS
at 30 September 2009

1 FINANCIAL INFORMATION

The financial information contained in this report does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. The comparative financial information for the year ended 31 March 2009 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 2009 and 30 September 2008 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 2009 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 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 2006. The financial statements have also been prepared in accordance with the Statement of Recommended Practice ("SORP") 2009 for investment trust companies except to any extent where it conflicts with IFRS.

The accounting policies which follow, set out those policies which apply in preparing the financial statements for the year ended 31 March 2009. 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 principal subsidiary Campton Group, Inc.

Campton Group, Inc. is consolidated from the date of its acquisition, being the date on which the Company 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 £444,000 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, the Company has treated its investment in Campton Group, Inc. as a subsidiary and produced consolidated financial statements.

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.

PRIVATE EQUITY INVESTOR PLC
HALF-YEARLY REPORT 30 SEPTEMBER 2009

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

at 30 September 2009

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 408 of the Companies Act 2006, the Company has not presented its own income statement. The amount of the Company's return for the period to 30 September 2009 dealt within in the accounts of the Group is a loss of £5,819,000 (2009: Gain £5,769,000).

New standards and interpretations

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

IFRS 7 (amendment), 'Financial instruments: Disclosures'. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of the inputs used. These disclosures are expected to provide more information about the relative reliability of fair value measurements and increase convergence of IFRSs and US Generally Accepted Accounting Principles (GAAP).

The amendments also reinforce the principles of IFRS 7 to ensure that information disclosed enables users to evaluate the nature and extent of liquidity risk arising from financial instruments and how the entity manages this risk. This amendment is mandatory for the first time for the financial year beginning 1 January 2009, but is not currently relevant for the Group.

The Directors do not anticipate that the initial adoption of the above standard will have a material impact on the Group's financial statement in the period of initial application.

2 TAXATION ON ORDINARY ACTIVITIES

The tax charge for the half-year is nil (30 September 2008: nil; 31 March 2009: nil) based on an estimated effective tax rate of 0% for the year ending 31 March 2009. 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 2009 (30 September 2008: nil; 31 March 2009: nil).

3 RECONCILIATION OF NET CASH FLOW TO NET FUNDS

	<i>2009</i>		<i>2008</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	£'000	£'000	£'000	£'000
Decrease in cash in the period	(834)	(937)	(3,608)	(3,718)
Effect of foreign exchange rate movements	(580)	(551)	72	72
Movement in cash and cash equivalents	(1,414)	(1,488)	(3,536)	(3,646)
Cash and cash equivalents at beginning of the period	7,035	6,774	4,611	4,527
Cash and cash equivalents at the end of the period	5,621	5,286	1,075	881

PRIVATE EQUITY INVESTOR PLC
HALF-YEARLY REPORT 30 SEPTEMBER 2009

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
at 30 September 2009

3 RECONCILIATION OF NET CASH FLOW TO NET FUNDS - CONTINUED

Cash and cash equivalents are comprised as follows:

	<i>2009</i>		<i>2008</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank	5,621	5,286	1,075	881

4 COMMITMENTS AND CONTINGENT LIABILITIES

At 30 September 2009 there were financial commitments outstanding of \$15.1 million (£9.5 million) (2008: \$19.9 million (£11.2 million)) in respect of outstanding call commitments to limited partnerships.

5 RELATED PARTIES

There have been no related party transactions in the period to 30 September 2009, other than the transactions between the Company and its subsidiary, Campton Group, Inc. which acts as an investment advisor for the Company. Fees amounting to £348,000 have been charged to the Company by its subsidiary during the period to 30 September 2009 (2008: £360,000).

6 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 2009.

**PRIVATE EQUITY INVESTOR PLC
HALF-YEARLY REPORT 30 SEPTEMBER 2009**

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.

Registered in England and Wales Number 3912487
An Investment Company under Section 833 Companies Act 2006
A member of the Association of Investment Companies