

**PRIVATE EQUITY INVESTOR PLC**  
**HALF-YEARLY REPORT 30 SEPTEMBER 2011**

**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 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 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 any new investments. The Company proposes to make periodic returns of capital to shareholders from the return of 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 in which the Company has an existing commitment or for 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 has made further tender offers, of up to £17.5 million, in December 2008 and £12 million in February 2011, which were also fully taken up.

#### *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. The Company has 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.

## **SUMMARY OF RESULTS AND FINANCIAL HIGHLIGHTS**

|   | <b>30 September<br/>2011<br/>Group</b> | 31 March 2011<br>Group | % change |
|---|--|------------------------|----------|
| Net assets and shareholders' funds in US\$    | <b>\$101,763,000</b>                   | \$102,432,000          | (0.65)   |
| Net assets per Ordinary Share in US\$ ("NAV") | <b>376.83c</b>                         | 379.31c                | (0.65)   |
| Net assets and shareholders' funds            | <b>£65,325,000</b>                     | £63,902,000            | 2.23     |
| Net assets per Ordinary Share ("NAV")         | <b>241.90p</b>                         | 236.63p                | 2.23     |
| Mid-market price per Ordinary Share           | <b>156.50p</b>                         | 175.00p                | (10.57)  |
| Discount to NAV                               | <b>35.30%</b>                          | 26.04%                 |          |
| Net revenue loss after taxation               | <b>£(569,000)</b>                      | £(1,210,000)           |          |
| Net total return                              | <b>£1,423,000</b>                      | £3,583,000             |          |
| Total return per Ordinary Share               | <b>5.32p</b>                           | 11.22p                 |          |
| Total expense ratio                           | <b>1.77%</b>                           | 2.04%                  |          |
| Exchange rate – US\$/£                        | <b>1.5578</b>                          | 1.6030                 |          |
| Number of Ordinary Shares in issue            | 27,004,742                             | 27,004,742             |          |

## 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 2011.

### Results and Dividend

The Company's Net Asset Value ("NAV") at 30 September 2011 was 241.90 pence per share, compared with 236.63 pence per share at 31 March 2011, a rise of 2.23%. The NAV per share in dollars, the currency in which the Company's investments are denominated, decreased from 379.31c per share at 31 March 2011, to 376.83c per share, a fall of 0.65%. The dollar strengthened against sterling by 2.82% from \$1.6030 at 1 April 2011 to \$1.5578 at 30 September 2011. The Company's share price decreased by 10.57% during the period, from 175.00 pence to 156.50 pence. The discount increased from 26.04% to 35.30%.

No dividend is proposed for the period.

### Directors

As previously announced, during the period two Directors, Lady Barbara Judge and Rory Macnamara, resigned from the Board for personal reasons. The Board will review the future composition of the Board of Directors.

### Portfolio Review

At 30 September 2011 the Company was invested in 24 US Limited Partnerships ("the Funds") with a value of \$75.86 million (£48.70 million). PEI's cash and readily realisable assets totalled \$25.21 million (£16.19 million), compared with outstanding commitments of \$8.76 million (£5.62 million). In the six month period, drawdowns relating to the Company's capital commitments to the Funds were \$1.95 million (£1.20 million).

Distributions received at various times during the period from the Funds were \$9.40 million compared with \$13.29 million in the previous six months. Cash distributions in the period accounted for \$4.66 million and stock for \$4.74 million. The largest cash distribution amounted to \$0.90 million and came from Francisco Partners II while the largest stock distribution totalled \$3.12 million and came from a holding in Technology Crossover Ventures IV.

During the period under review four of the underlying portfolio companies undertook Initial Public Offerings ("IPOs"). These were:

Boingo Wireless, Inc. (New Enterprise Associates 10) – a California-based provider of commercial mobile Wi-Fi Internet solutions which raised \$78 million.

Fusion-io, Inc. (New Enterprise Associates 12) – a Utah-based manufacturer of flash-based memory for server vendors which raised \$234 million.

HomeAway, Inc. (Institutional Venture Partners XII) – a Texas-based operator of an online marketplace for the vacation rental industry which raised \$216 million.

Solazyme, Inc. (VantagePoint Venture Partners 2006) – a California-based developer of biofuels through the use of microalgae which raised \$198 million.

## Outlook

The continuing realisation of value from the portfolio relies, to a large extent, on the strength of the IPO and M&A markets in the USA. With continuing uncertainty in the global economy, which presents new and increased risks and challenges for many companies, we expect that the IPO market for all but the strongest companies, will be subdued for some time and M&A activity will be sporadic. Until this position changes, the Company is likely to receive a lower level of distributions. Nevertheless, we remain encouraged by the quality of PEI's underlying portfolio and believe that significant further value will be released in due course.

The Company will continue its policy of selectively buying back shares and anticipates that it will make a distribution in the near future.

PETER F.DICKS  
*Chairman*  
*30 November 2011*

## **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.

The principal risks facing the Company are substantially unchanged since the date of the Annual Report for the year ended 31 March 2011 and continue to be as set out in that report on pages 16 and 17, and pages 51 to 54.

Risks faced by the Company include, but are not limited to, stock market performance, Company and performance risk, regulatory risk, valuation risk, market operation risk and exchange rate risk.

## **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 International Accounting Standard 34, 'Interim Financial Reporting' issued by the International Accounting Standards Board as adopted by the EU, and gives 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 30 November 2011 and the above responsibility statement was signed on its behalf by Peter F. Dicks, Chairman.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the six months to 30 September 2011

|   | 2011           |                |              | 2010           |                |              |
|---|----------------|----------------|--------------|----------------|----------------|--------------|
|   | <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        |
| Gains on investments at fair value through profit and loss  | -              | 1,875          | 1,875        | -              | 2,379          | 2,379        |
| Exchange gains/(losses) on other items                      | -              | 107            | 107          | -              | (22)           | (22)         |
|   | -              | 1,982          | 1,982        | -              | 2,357          | 2,357        |
| <b>Operating income</b>                                     |                |                |              |                |                |              |
| Investment income   | 4              | -              | 4            | 15             | -              | 15           |
| Other operating income                                      | 8              | -              | 8            | 5              | -              | 5            |
| Total operating income                                      | 12             | -              | 12           | 20             | -              | 20           |
| <b>Operating expenses</b>                                   |                |                |              |                |                |              |
| Administrative expenses                                     | (581)          | 23             | (558)        | (641)          | -              | (641)        |
| Total expenses  | (581)          | 23             | (558)        | (641)          | -              | (641)        |
| <b>Operating (loss)/profit</b>                              | <b>(569)</b>   | <b>2,005</b>   | <b>1,436</b> | <b>(621)</b>   | <b>2,357</b>   | <b>1,736</b> |
| (Loss)/profit before tax                                    | (569)          | 2,005          | 1,436        | (621)          | 2,357          | 1,736        |
| Tax   | -              | -              | -            | -              | -              | -            |
| <b>(Loss)/profit after taxation</b>                         | <b>(569)</b>   | <b>2,005</b>   | <b>1,436</b> | <b>(621)</b>   | <b>2,357</b>   | <b>1,736</b> |
| Other comprehensive income                                  |                |                |              |                |                |              |
| – exchange differences on translation of foreign operations | -              | (13)           | (13)         | -              | 46             | 46           |
| <b>Total comprehensive income for the period</b>            | <b>(569)</b>   | <b>1,992</b>   | <b>1,423</b> | <b>(621)</b>   | <b>2,403</b>   | <b>1,782</b> |
| Attributable to:  |                |                |              |                |                |              |
| Equity holders of the parent                                | (569)          | 1,992          | 1,423        | (621)          | 2,403          | 1,782        |
| <b>Earning per share</b>                                    |                |                |              |                |                |              |
| From continuing activities                                  |                |                |              |                |                |              |
| Basic and diluted   | (2.11)p        | 7.43p          | 5.32p        | (1.89)p        | 7.30p          | 5.41p        |

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary Revenue Return and Capital Return columns are prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

The Parent Company's Statement of Comprehensive Income has not been disclosed, which is consistent with the Annual Report. At the year end the Parent Company elected to take the exemption in Section 408 of the Companies Act 2006.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the six months to 30 September 2011

|   | <i>Share capital</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>  |
|---|----------------------|------------------------|-----------------------------------|------------------------|-------------------------------------|--------------------------|---------------|
|   | <i>£'000</i>         | <i>£'000</i>           | <i>£'000</i>                      | <i>£'000</i>           | <i>£'000</i>                        | <i>£'000</i>             | <i>£'000</i>  |
| <b>Six months to 30 September 2011</b>    |                      |                        |                                   |                        |                                     |                          |               |
| As at 1 April 2011                        | 3                    | 63,849                 | 2                                 | 2,865                  | 18                                  | (2,835)                  | 63,902        |
| Total comprehensive income for the period | -                    | -                      | -                                 | 2,005                  | (13)                                | (569)                    | 1,423         |
| Share buybacks/tender offer               | -                    | -                      | -                                 | -                      | -                                   | -                        | -             |
| <b>As at 30 September 2011</b>            | <b>3</b>             | <b>63,849</b>          | <b>2</b>                          | <b>4,870</b>           | <b>5</b>                            | <b>(3,404)</b>           | <b>65,325</b> |
| <b>Six months to 30 September 2010</b>    |                      |                        |                                   |                        |                                     |                          |               |
| As at 1 April 2010                        | 3                    | 79,072                 | 2                                 | (1,928)                | 4                                   | (1,625)                  | 75,528        |
| Total comprehensive income for the period | -                    | -                      | -                                 | 2,357                  | 46                                  | (621)                    | 1,782         |
| Share buybacks/tender offer               | -                    | (3,139)                | -                                 | -                      | -                                   | -                        | (3,139)       |
| <b>As at 30 September 2010</b>            | <b>3</b>             | <b>75,933</b>          | <b>2</b>                          | <b>429</b>             | <b>50</b>                           | <b>(2,246)</b>           | <b>74,171</b> |
| <b>Year ended 31 March 2011 (Audited)</b> |                      |                        |                                   |                        |                                     |                          |               |
| As at 1 April 2010                        | 3                    | 79,072                 | 2                                 | (1,928)                | 4                                   | (1,625)                  | 75,528        |
| Total comprehensive income for the year   | -                    | -                      | -                                 | 4,793                  | 14                                  | (1,210)                  | 3,597         |
| Share buybacks/tender offer               | -                    | (15,223)               | -                                 | -                      | -                                   | -                        | (15,223)      |
| <b>As at 31 March 2011</b>                | <b>3</b>             | <b>63,849</b>          | <b>2</b>                          | <b>2,865</b>           | <b>18</b>                           | <b>(2,835)</b>           | <b>63,902</b> |

**COMPANY STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

for the six months to 30 September 2011

|   | <i>Share<br/>capital</i> | <i>Special<br/>Reserve</i> | <i>Capital<br/>redemption<br/>reserve</i> | <i>Capital<br/>reserve</i> | <i>Retained<br/>earnings</i> | <i>Total</i>  |
|---|--------------------------|----------------------------|---|----------------------------|------------------------------|---------------|
|   | <i>£'000</i>             | <i>£'000</i>               | <i>£'000</i>                              | <i>£'000</i>               | <i>£'000</i>                 | <i>£'000</i>  |
| <b>Six months to<br/>30 September 2011</b>    |                          |                            |   |                            |                              |               |
| As at 1 April 2011                            | 3                        | 63,849                     | 2   | 2,862                      | (2,527)                      | 64,189        |
| Total comprehensive income<br>for the period  | -                        | -                          | -   | 2,009                      | (489)                        | 1,520         |
| Share buybacks/tender offer                   | -                        | -                          | -   | -                          | -                            | -             |
| <b>As at<br/>30 September 2011</b>            | <b>3</b>                 | <b>63,849</b>              | <b>2</b>                                  | <b>4,871</b>               | <b>(3,016)</b>               | <b>65,709</b> |
| <b>Six months to<br/>30 September 2010</b>    |                          |                            |   |                            |                              |               |
| As at 1 April 2010                            | 3                        | 79,072                     | 2   | (1,928)                    | (1,457)                      | 75,692        |
| Total comprehensive income<br>for the period  | -                        | -                          | -   | 2,357                      | (537)                        | 1,820         |
| Share buybacks/tender offer                   | -                        | (3,139)                    | -   | -                          | -                            | (3,139)       |
| <b>As at<br/>30 September 2010</b>            | <b>3</b>                 | <b>75,933</b>              | <b>2</b>                                  | <b>429</b>                 | <b>(1,994)</b>               | <b>74,373</b> |
| <b>Year ended<br/>31 March 2011 (Audited)</b> |                          |                            |   |                            |                              |               |
| As at 1 April 2010                            | 3                        | 79,072                     | 2   | (1,928)                    | (1,457)                      | 75,692        |
| Total comprehensive<br>Income for the year    | -                        | -                          | -   | 4,790                      | (1,070)                      | 3,720         |
| Share buybacks/tender offer                   | -                        | (15,223)                   | -   | -                          | -                            | (15,223)      |
| <b>As at<br/>31 March 2011</b>                | <b>3</b>                 | <b>63,849</b>              | <b>2</b>                                  | <b>2,862</b>               | <b>(2,527)</b>               | <b>64,189</b> |

## SUMMARISED CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

|   | <i>As at</i><br><b>30 September 2011</b><br>£'000 | <i>As at</i><br>31 March 2011*<br>£'000 | <i>As at</i><br>30 September 2010<br>£'000 |
|---|---|---|--|
| <b>Non-current assets</b>   |   |   |  |
| Investments at fair value through profit or loss                  | 63,220  | 57,977                                  | 68,805                                     |
| Property, plant and equipment                                     | 4   | 4                                       | 5  |
| Net current assets  | <u>2,101</u>                                      | <u>5,921</u>                            | <u>5,361</u>                               |
| <b>Net assets</b>   | <b><u>65,325</u></b>                              | <b><u>63,902</u></b>                    | <b><u>74,171</u></b>                       |
| <b>Capital and reserves</b>                                       |   |   |  |
| Share capital   | 3   | 3                                       | 3  |
| Special reserve   | 63,849  | 63,849                                  | 75,933                                     |
| Capital redemption reserve  | 2   | 2                                       | 2  |
| Capital reserve   | 4,870   | 2,865                                   | 429  |
| Currency translation reserve                                      | 5   | 18                                      | 50   |
| Retained earnings   | <u>(3,404)</u>                                    | <u>(2,835)</u>                          | <u>(2,246)</u>                             |
| <b>Shareholders' funds</b>  | <b><u>65,325</u></b>                              | <b><u>63,902</u></b>                    | <b><u>74,171</u></b>                       |
| Total equity  | <b><u>65,325</u></b>                              | <b><u>63,902</u></b>                    | <b><u>74,171</u></b>                       |
| <b>Net asset value per Ordinary Share ("Shareholders' funds")</b> | <b><u>241.90p</u></b>                             | <b><u>236.63p</u></b>                   | <b><u>229.03p</u></b>                      |

\* (Audited)

## SUMMARISED CONDENSED COMPANY BALANCE SHEET (UNAUDITED)

|  | <i>As at</i><br><b>30 September 2011</b><br>£'000 | <i>As at</i><br>31 March 2011*<br>£'000 | <i>As at</i><br>30 September 2010<br>£'000 |
|--|---|---|--|
| <b>Non-current assets</b>                        |   |   |  |
| Investments at fair value through profit or loss | 63,220  | 57,977                                  | 68,805                                     |
| Investment in subsidiary                         | 552   | 518                                     | 527  |
| Net current assets                               | <u>1,937</u>                                      | <u>5,694</u>                            | <u>5,041</u>                               |
| <b>Net assets</b>                                | <b><u>65,709</u></b>                              | <b><u>64,189</u></b>                    | <b><u>74,373</u></b>                       |
| <br><b>Capital and reserves</b>                  |   |   |  |
| Share capital                                    | 3   | 3                                       | 3  |
| Special reserve                                  | 63,849  | 63,849                                  | 75,933                                     |
| Capital redemption reserve                       | 2   | 2                                       | 2  |
| Capital reserve                                  | 4,871   | 2,862                                   | 429  |
| Retained earnings                                | <u>(3,016)</u>                                    | <u>(2,527)</u>                          | <u>(1,994)</u>                             |
| <b>Shareholders' funds</b>                       | <b><u>65,709</u></b>                              | <b><u>64,189</u></b>                    | <b><u>74,373</u></b>                       |
| Total equity                                     | <b><u>65,709</u></b>                              | <b><u>64,189</u></b>                    | <b><u>74,373</u></b>                       |
| <br><b>Net asset value per Ordinary Share</b>    | <br><b><u>243.32p</u></b>                         | <br><b><u>237.70p</u></b>               | <br><b><u>229.65p</u></b>                  |
| * (Audited)                                      |   |   |  |

## SUMMARISED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

for the six months to 30 September 2011

|  | <i>Period ended</i><br><b>30 September</b><br><i>2011</i><br><b>£'000</b> | <i>Period ended</i><br><i>30 September</i><br><i>2010</i><br><i>£'000</i> |
|--|---|---|
|  | <i>Notes</i>  |   |
| <b>Cash flows from operating activities</b>  |   |   |
| Consolidated net return before tax and interest received   | <b>1,424</b>  | 1,716   |
| <b>Adjustments to reconcile net return before tax and interest received to net cash flows from operating activities:</b> |   |   |
| Gains on investments   | <b>(1,875)</b>  | (2,357)   |
| Exchange (gains)/losses  | <b>(53)</b>   | 84  |
| Decrease in trade and other payables   | <b>(180)</b>  | (48)  |
| Decrease in trade and other receivables  | <b>1</b>  | 10  |
| Interest received  | <b>12</b>   | 20  |
| Purchases of investments   | <b>(9,887)</b>  | (4,440)   |
| Sales of investments   | <b>4,434</b>  | 5,024   |
| Cash Distributions   | <b>2,120</b>  | 4,007   |
| <b>Net cash flows from operating activities</b>  | <b>(4,004)</b>  | 4,016   |
| <b>Net cash used in financing activities</b>   | <b>-</b>  | (3,139)   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  | <b>(4,004)</b>  | 877   |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>6,140</b>  | 4,612   |
| <b>Effect of foreign exchange rates on cash and cash equivalents</b>   | <b>41</b>   | (86)  |
| <b>Cash and cash equivalents at end of period</b>  | <b>2,177</b>  | 5,403   |

## SUMMARISED CONDENSED COMPANY CASH FLOW STATEMENT (UNAUDITED)

for the six months to 30 September 2011

|  | <i>Period ended</i><br><b>30 September</b><br><i>2011</i><br><b>£'000</b> | <i>Period ended</i><br><i>30 September</i><br><i>2010</i><br><i>£'000</i> |
|--|---|---|
|  | <i>Notes</i>  |   |
| <b>Cash flows from operating activities</b>  |   |   |
| Company net return before tax and interest received  | <b>1,504</b>  | 1,797   |
| <b>Adjustments to reconcile net return before tax and interest received to net cash flows from operating activities:</b> |   |   |
| Gains on investments   | <b>(1,875)</b>  | (2,357)   |
| Exchange (gains)/losses  | <b>(53)</b>   | 84  |
| Decrease in trade and other payables   | <b>(160)</b>  | (73)  |
| Increase in trade and other receivables  | <b>(100)</b>  | (39)  |
| Interest received  | <b>17</b>   | 23  |
| Purchases of investments   | <b>(9,887)</b>  | (4,440)   |
| Sales of investments   | <b>4,434</b>  | 9,031   |
| Cash Distributions   | <b>2,120</b>  | -   |
| <b>Net cash flows from operating activities</b>  | <b>(4,000)</b>  | 4,026   |
| <b>Net cash used in investing activities</b>   | <b>(19)</b>   | (32)  |
| <b>Net cash used in financing activities</b>   | <b>-</b>  | (3,139)   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  | <b>(4,019)</b>  | 855   |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>5,710</b>  | 4,211   |
| <b>Effect of foreign exchange rates on cash and cash equivalents</b>   | <b>38</b>   | (86)  |
| <b>Cash and cash equivalents at end of period</b>  | <b>1,729</b>  | 4,980   |

**INVESTMENT PORTFOLIO**  
as at 30 September 2011

|   | <i>Total<br/>Commitment</i> | <i>Fair<br/>Value</i> | <i>Fair<br/>Value</i> | <i>% of net<br/>assets</i> |
|---|-----------------------------|-----------------------|-----------------------|----------------------------|
|   | US\$'000                    | US\$'000              | £'000                 | 2011                       |
| <b><i>Unquoted Venture Capital Funds</i></b>          |                             |                       |                       |                            |
| APV Technology Partners III                           | 5,000                       | 313                   | 201                   | 0.3                        |
| Bay III   | 5,000                       | 57                    | 37                    | 0.1                        |
| Crescendo IV  | 10,000                      | 2,437                 | 1,564                 | 2.4                        |
| Dawntreader Fund II                                   | 30,000                      | 8,910                 | 5,720                 | 8.7                        |
| Draper Fisher Jurvetson ePlanet Ventures              | 30,000                      | 10,875                | 6,981                 | 10.7                       |
| Draper Fisher Jurvetson Fund VI                       | 2,000                       | 1,011                 | 649                   | 1.0                        |
| Draper Fisher Jurvetson Fund VII                      | 5,000                       | 3,734                 | 2,397                 | 3.7                        |
| Draper Fisher Jurvetson Gotham Expansion Unit         | 300                         | 158                   | 101                   | 0.2                        |
| Draper Fisher Jurvetson Gotham Venture Fund           | 3,000                       | 1,205                 | 774                   | 1.2                        |
| Focus Ventures II                                     | 30,000                      | 4,968                 | 3,189                 | 4.9                        |
| Francisco Partners II                                 | 5,000                       | 3,623                 | 2,326                 | 3.6                        |
| Institutional Venture Partners XII                    | 5,000                       | 9,182                 | 5,894                 | 9.0                        |
| New Enterprise Associates 9                           | 5,000                       | 1,319                 | 847                   | 1.3                        |
| New Enterprise Associates 10                          | 10,000                      | 3,614                 | 2,320                 | 3.6                        |
| New Enterprise Associates 12                          | 3,000                       | 3,278                 | 2,104                 | 3.2                        |
| Oak Investment Partners X                             | 10,000                      | 4,939                 | 3,170                 | 4.8                        |
| Sprout Capital IX                                     | 3,750                       | 1,031                 | 662                   | 1.0                        |
| Technology Crossover Ventures IV                      | 25,000                      | 2,576                 | 1,653                 | 2.5                        |
| Vanguard VII  | 3,000                       | 743                   | 477                   | 0.7                        |
| VantagePoint Venture Partners IV                      | 10,000                      | 5,508                 | 3,536                 | 5.4                        |
| VantagePoint Venture Partners 2006 Fund               | 5,000                       | 3,023                 | 1,941                 | 3.0                        |
| Vector Capital IV                                     | 4,000                       | 1,544                 | 991                   | 1.5                        |
| Zone Ventures II                                      | 10,000                      | 1,637                 | 1,051                 | 1.6                        |
| Zone Ventures II Annex                                | 400                         | 178                   | 114                   | 0.2                        |
| <b><i>Total Unquoted Venture Capital Funds</i></b>    | <b>219,450</b>              | <b>75,863</b>         | <b>48,699</b>         | <b>74.6</b>                |
| <b><i>Open-ended Investment Funds</i></b>             |                             |                       |                       |                            |
| Global Treasury Funds Plc - GBP Fund                  | -                           | 14,020                | 9,000                 | 13.8                       |
| JP Morgan USD Liquidity Distribution Fund             | -                           | 4,000                 | 2,568                 | 3.9                        |
| Blackrock Liquidity Fund                              | -                           | 4,500                 | 2,889                 | 4.4                        |
| <b><i>Total Open-ended Investment Funds</i></b>       | <b>-</b>                    | <b>22,520</b>         | <b>14,457</b>         | <b>22.1</b>                |
| <b>Other Investments held directly by the Company</b> |                             |                       |                       |                            |
| <b>Common Stock</b>                                   |                             |                       |                       |                            |
| Motricity Inc   | -                           | 23                    | 14                    | 0.0                        |
| Vonage Holdings                                       | -                           | 78                    | 50                    | 0.1                        |
| <b>Total Other Investments</b>                        | <b>-</b>                    | <b>101</b>            | <b>64</b>             | <b>0.1</b>                 |
| <b>Total investments</b>                              | <b>219,450</b>              | <b>98,484</b>         | <b>63,220</b>         | <b>96.8</b>                |
| <b>Other non-current assets</b>                       |                             | 6                     | 4                     | 0.0                        |
| <b>Net current assets</b>                             |                             | 3,273                 | 2,101                 | 3.2                        |
| <b>Net assets</b>                                     |                             | <b>101,763</b>        | <b>65,325</b>         | <b>100.0</b>               |

## **NOTES TO THE FINANCIAL STATEMENTS**

at 30 September 2011

### **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 financial information for the six months ended 30 September 2011 and 30 September 2010 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 2011 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 Section 489 of the Companies Act 2006.

#### **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 2011. There are no differences between the accounting policies applied to the Group and the Company.

The Company has adequate financial resources to meet its investment commitments and as a consequence, the Directors believe that the Company is well placed to manage its business risks. After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate available financial resources to continue in operational existence for the foreseeable future and accordingly have concluded that it is appropriate to continue to adopt the going concern basis in preparing the Half-Yearly Report.

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 £552,000 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.

Non-controlling interests are stated at the non-controlling interests' portion of the fair values of the assets and liabilities recognised. Non-controlling interests represent the portion of profit and loss and net assets in subsidiaries that are not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. However, any losses applicable to the non-controlling interests 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.

The Company has not presented its own Statement of Comprehensive Income. The amount of the Company's comprehensive income for the period to 30 September 2011 dealt with in the accounts of the Group is a gain of £1,520,000 (2010: £1,820,000).

### New standards and interpretations

Implementation of changes to accounting standards in the financial period, as outlined in the 31 March 2011 accounts, had no significant effect on the accounting or reporting of the Company.

## 2. TAXATION ON ORDINARY ACTIVITIES

The tax charge for the half-year is nil (30 September 2010: nil; 31 March 2011: nil) based on an estimated effective tax rate of 0% for the year ending 31 March 2011. 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 2011 (30 September 2010: nil; 31 March 2011: nil).

## 3. RECONCILIATION OF NET CASH FLOW TO NET FUNDS

|  | 2011           |                | 2010         |                |
|--|----------------|----------------|--------------|----------------|
|  | <i>Group</i>   | <i>Company</i> | <i>Group</i> | <i>Company</i> |
|  | £'000          | £'000          | £'000        | £'000          |
| (Decrease)/increase in cash in the period            | <b>(4,004)</b> | <b>(4,019)</b> | 877          | 855            |
| Effect of foreign exchange rate movements            | <b>41</b>      | <b>38</b>      | (86)         | (86)           |
| Movement in cash and cash equivalents                | <b>(3,963)</b> | <b>(3,981)</b> | 791          | 769            |
| Cash and cash equivalents at beginning of the period | <b>6,140</b>   | <b>5,710</b>   | 4,612        | 4,211          |
| Cash and cash equivalents at the end of the period   | <b>2,177</b>   | <b>1,729</b>   | 5,403        | 4,980          |

Cash and cash equivalents are comprised as follows:

|              | 2011         |                | 2010         |                |
|--------------|--------------|----------------|--------------|----------------|
|              | <i>Group</i> | <i>Company</i> | <i>Group</i> | <i>Company</i> |
|              | £'000        | £'000          | £'000        | £'000          |
| Cash at bank | <b>2,177</b> | <b>1,729</b>   | 5,403        | 4,980          |

## 4. COMMITMENTS AND CONTINGENT LIABILITIES

At 30 September 2011 there were financial commitments outstanding of \$8.76 million (£5.62 million) (2010: \$11.81 million (£7.50 million)) in respect of outstanding call commitments to the Funds.

Campton Group, Inc has entered into Employee Retention Agreements guaranteed by the Company. The contingent liability under these agreements is \$370,000.

## **5. RELATED PARTY TRANSACTIONS**

During the period to 30 September 2011 the Company rented office space from Peter Dicks, Chairman of the Company for a consideration of £5,000 (2010: £4,000).

Fees and expenses amounting to £279,000 were charged to the Company by its subsidiary, Campton Group, Inc, which acts as investment advisor for the Company, during the period to 30 September 2011 (2010: £285,000). In addition, £19,000 (2010: £32,000) (values as at transaction date) has been drawn down during the period to 30 September 2011 under the Secured Credit Facility Agreement. As at the period end 30 September 2011 £256,000 (2010:£80,000) was due to the Company from Campton.

## **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 2011.

## **COMPANY INFORMATION**

### **DIRECTORS (all Non-Executive)**

Peter Dicks (Chairman)  
Colin Kingsnorth  
Rory Macnamara (resigned 11 November 2011)  
David Quysner CBE

### **SECRETARY AND REGISTERED OFFICE**

Capita Sinclair Henderson Limited  
Trading as Capita Financial Group – Specialist  
Fund Services  
Beaufort House  
51 New North Road  
Exeter EX4 4EP  
Tel: 01392 412122  
Fax: 01392 253282

### **MANAGER**

Private Equity Investor PLC  
87 Wimpole Street  
London W1G 9RL  
Tel: 0207 563 1630  
Fax: 0207 486 4534  
[www.peiplc.com](http://www.peiplc.com)

### **BANKERS**

Lloyds TSB Bank Plc  
234 High Street  
Exeter EX4 3NL

### **STOCKBROKERS**

JP Morgan Cazenove  
10 Aldermanbury  
London EC2V 2RF

### **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: 0871 664 0300  
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charges)  
Overseas: +44 208 639 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  | 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](http://www.peiplc.com).

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

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

## **National Storage Mechanism**

A copy of the Half-Yearly Report will be submitted shortly to the National Storage Mechanism ("NSM") and will be available for inspection at the NSM: [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do).

END

*Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.*