PRIVATE EQUITY INVESTOR PLC
PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

Private Equity Investor PLC ("PEI") announces unaudited results for the year ended 31 March 2002. As an Investment Trust, PEI seeks to achieve substantial capital appreciation by investing in emerging growth companies through specialised US venture capital funds focused on the information technology sector.

Barbara Thomas, Executive Chairman of PEI, commented: "In an extremely hostile environment for the technology sector over the last two years, the value of the Company's assets has been substantially maintained. Lower investment levels are now contributing to a less competitive investment environment, and to one that is far more conducive to creating long-term sustainable value for investors. Many of our funds are optimistic about delivering significant returns for investors, because they believe that they are now investing at, or near, the bottom of the technology cycle."

Key points:

	31.03.02	**31.03.01**	**% change**
• Total assets and shareholders' funds	£92,428,000	£109,326,000	(15.45)
• Total assets and shareholders' funds (after deducting dividend)	£91,408,000	£107,201,000	(14.73)
• Net assets per ordinary share	184.86p	218.65p	(15.45)
• Net assets per ordinary share (after deducting dividend) ("NAV")	182.82p	214.40p	(14.73)
• Mid-market price per ordinary share	124.00p	148.00p	(16.22)
• Discount to NAV	32.17%	30.97%	

- The NAV of 182.82p (after paid and proposed dividends of 6.29p) represents a decline of only 2.4% from the NAV of 193.73p at flotation in February 2000.

For further information please visit www.peiplc.com or contact:

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Private Equity Investor PLC announces unaudited results for the year ended 31 March 2002.

The Company's investment objective is to seek long term capital growth for the holders of ordinary shares in a sector of the market which has shown considerable growth over recent years. The Company seeks to achieve substantial capital appreciation by investing in emerging growth companies through specialised venture capital funds focused on the information technology sector.

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Barbara S. Thomas, Chairman of the Company, today commented:

We are pleased to present the second annual report for Private Equity Investor. This report covers the twelve months ended 31 March 2002.

Net asset value

During the period, the net assets attributable to ordinary shareholders declined from £107.2 million to £91.41 million, after deducting the dividend of 2.04p per share to be paid on 30th September 2002. Undiluted net asset value per share declined 15% to 182.82p from 214.4p, or to 184.86p before deducting the 2.04p dividend. Once again, the negative performance of the venture portfolio was mitigated by the positive return from bond investments and cash.

The period end net asset value per share of 182.82p together with the 4.25p dividend paid last year and the 2.04p dividend to be paid on 30th September, represents a negative return for investors on the net asset value per share of 193.73p at flotation in February 2000 of only 2.4%. In an extremely hostile environment for the technology sector over the last two years, the value of the Company's assets has been substantially maintained.

Market Background

The reporting period was a time of great economic and market uncertainty that contributed to considerable volatility in public company valuations. The Nasdaq Composite Index swung from 1845 at the beginning of the period, down to 1423 after the events of September 11th last year, and then up to 2059 in January this year and back to 1840 at period end. Significantly, both IPO and M & A activity remained extremely weak throughout, resulting in few liquidity opportunities for venture portfolios. The general move for private company valuations was negative with few write-ups to relieve an otherwise downward trend. In the US, $6.2bn was invested in entrepreneurial enterprises in the first quarter of 2002, continuing the two year downturn in venture capital investing from a peak of $29bn in Q1 of 2000, despite a brief period of stability in late 2001. The amount invested in Q1 of 2002 represented a further 24% decline from the amount invested in Q4 2001 and brought venture capital investment back to the pre-bubble levels of late 1998.

Lower investment levels are now contributing to a less competitive investment environment, and to one that is far more conducive to creating long-term sustainable value for investors. Mark Heesen, president of the National Venture Capital Association, recently stated "The venture capital industry is cyclical, and it's important to put today's environment into perspective. During the last downturn in the early 1990's it took the industry several years to fully recover. Today, venture capitalists are back to their normal modus operandi, which is being extremely selective about new investment opportunities and working to build companies that offer sustainable value." Most investment banks, angels and corporate investors have substantially withdrawn from venture investing leaving venture capital funds in a strong position to price and structure deals on much more favourable terms than in recent years. In some cases, where companies require further funding, venture capital firms are leveraging their cash-rich positions to achieve re-pricings and restructurings of previous financing rounds.

Investment Portfolio

During the period the bond portfolio gained 6.42% compared to a gain of 3.92% from the composite index (*). In the year the investment focus of the portfolio moved towards shorter dated maturities in order to hedge against possible higher US interest rates that may occur later in the year in response to stronger than expected US economic data.

Valuations of the Company's private equity positions, including partnership management fees, fell by 23% since our last annual report. At period-end, the underlying portfolio held by the limited partnerships in which the company invests, consisted of 414 private companies, including 116 new investments made during the period, and 17 public companies. During the period there were 14 write-ups, 149 write-downs and 52 write-offs. In addition, 13 companies had their valuations for previous financings re-priced in our favour, based on information provided to us at the date of this report.

Prospects

Since our last annual report, the weak IPO and M & A markets have contributed to keeping valuations low for companies with whom the limited partnerships in which the Company invests, have been negotiating investment. However, we are encouraged that, during the second quarter of 2002, there has been some renewed interest in technology companies in the IPO market. Companies such as NetScreen, PayPal, Netflix, and Orbitz, among others, have completed or filed IPO's in the United States. We are pleased to be able to report that two portfolio companies floated during the quarter; Netflix (NFLX) and Altiris (ATRS) both went public during May 2002, raising new money of $82.5m and $50m respectively. Our investment cost in these two companies was a total of $1.18m and at flotation the holdings were valued at $2.17m.

Despite the extremely challenging background, generally, managers of our partnerships are predicting a positive return on investment. Not surprisingly, managers who began investing more recently, some of whom remain substantially un-invested today, are particularly optimistic about delivering significant returns for investors because they believe that they are now investing at, or near, the bottom of the technology cycle.

I would like to take this opportunity to welcome to our Board Peter Dicks, who is a respected figure in the venture capital industry, having been an investor and participant for over 20 years. We are looking forward to him making a valuable contribution.

Barbara S. Thomas
Executive Chairman

(*)	Index	JP Morgan 3 months US$ cash index (in Sterling)	50%
		JP Morgan 1-5 year US Treasury bond index (in Sterling)	30%
		JP Morgan 5-7 year US Treasury bond index (in Sterling)	20%

Managing Director's Report

Overview

The PricewaterhouseCooper's Moneytree survey recently reported that despite a brief period of stability at the end of 2001, US venture capital investment continued it's two year decline during Q1 2002, with only $6.2 billion of new investment compared to $29.1 billion during Q1 2000, and is now back to the pre-bubble investment levels of Q4 1998. The Company's experience closely tracked the sector's with a marked decline in investment pace during the period.

According to Venture Economics and the National Venture Capital Association, 44 venture capital funds secured $2.2 billion in commitments during Q1 2002. This is a 56% decline from the previous quarter, when 65 funds raised $5 billion, and brings fundraising back to levels seen in the mid 1990's.

Mark Heesen, president of the National Venture Capital Association, reflected, "These fundraising levels are absolutely appropriate given the existing reserve of funds and the overall investment pace of the industry. We expect to remain at these sustainable levels for the foreseeable future as venture capitalists distribute the capital that has been raised during the last three years."

Technology venture fund managers generally believe that now is a good time to be putting money to work, as they see it, at or near the bottom of the technology cycle. However, the rate of investment is only likely to increase significantly when fund managers perceive that the major world economies, and in particular the US economy, have decisively turned the corner.

Limited Partnership Portfolio

WIT VCI has been fully drawn down and accordingly the Company has remaining financial commitments to 17 of its 18 US technology venture partnerships. These commitments have been drawn down by the fund managers to varying degrees depending on vintage year, stage focus and investment pace (see figure 1 below).

In line with the venture capital industry, our investment pace slowed dramatically during the period to less than $1.8 million per month. This trend is expected to reverse once clear signs of economic recovery emerge, particularly in the US. In the meantime fund managers are spending more time managing their existing companies, persuading entrepreneurs to reduce rates of cash burn, re-pricing deals where possible, analysing target markets and preparing detailed competitive analyses.

As at 31 March 2002 the Company had, through its investment in 18 US technology venture partnerships, 46% of its net asset value invested in 414 private companies, including 116 new investments made in the period, and 17 public companies. During the period 52 companies were written-off, 149 were written-down, 14 were written-up and 13 companies had their valuations for previous rounds of financing restructured in our favour, based on information provided to us at the date of this report. In addition, there were distributions from trade sales and market disposals totalling $1.04m yielding a gross profit of 30.4%.

Fund managers continued to focus their attention on companies within their portfolios that they deemed to be potentially "market disruptive" and that were meeting milestones. Generally, companies that failed to meet these criteria have been allowed to fail in order to preserve cash for investments that offered the prospects of greatest return.

Fund managers are generally more at ease investing in this far less frantic environment than during the bubble of 1999/2000. Most investment banks, angels and corporate investors have substantially withdrawn from venture investing leaving the cash-rich venture funds in a position to price and structure deals on much more favourable terms.

Although the IPO and M&A markets remain weak, we are encouraged that in recent months, there has been some renewed interest in technology companies in the IPO market. Companies such as NetScreen, PayPal, Netflix and Orbitz, among others, have completed or filed IPO's in the United States.

We are pleased to be able to report that two portfolio companies floated during the quarter; Netflix (NFLX) and Altiris (ATRS) both went public during May 2002, raising new money of $82.5m and $50m respectively. Our investment cost in these two companies was a total of $1.18m and at flotation these holdings were valued at $2.17m. In addition, two portfolio companies were acquired by other public companies during the second quarter.

Bond Portfolio

At period end the Company had over $70.2 million in cash and investment grade dollar denominated bonds. As a hedge against possible higher US interest rates, the investment focus of the bond portfolio shifted to shorter dated maturities. The portfolio returned a satisfactory 6.42% during the period against a yield of 3.92% for the composite index (*).

Recently, the strength of US growth has caught many observers by surprise with the most recent ISM survey coming in close to previous highs. While most economists continue to forecast lower core consumer prices, inflation seems to be remarkably reluctant to fall below 2.5%. Core goods price inflation is now down to minus 1% year on year but the total is held up by core services inflation which is growing at +4% year on year. The "prices paid" component of the ISM survey, often a good lead indicator for the direction of inflation, jumped considerably in recent months.

The financial markets are expecting that US interest rates will increase to 2.3% by April 2003. While the Fed seems to be in no rush to raise rates, it is likely that if both growth and inflation continue to surprise on the upside, the Fed will reverse the emergency cuts enacted after 11th September 2001.

Partnership Management Fees

As you may be aware, there has been comment in the press recently regarding the level of management fees being charged by the general partners of venture capital firms. This issue has arisen primarily because firms have generally cut back their investment pace in response to poor economic conditions and liquidity prospects. The perception is that certain large funds, particularly those focused on early stage investments, will find it difficult to put their capital to work within the originally envisaged timeframe. In such circumstances, it may be appropriate for fees to be reduced or restructured to align more closely the interests of general partners to limited partners. We have been in discussion with a number of firms in this regard and certain funds have agreed to lower or restructure their partnership fees to the benefit of limited partners.

Summary of individual venture funds investments:
(fig 1.)

Name	Total Commitment $	Drawdown to 31 March 2002 $
APV III	5,000,000	4,499,822.54
Bay III	5,000,000	3,375,000.00
Crescendo IV	10,000,000	6,250,000.00
Draper Fisher Jurvetson ePlanet	30,000,000	10,500,000.00
Draper Fisher Jurvetson Fund VI LP	2,000,000	1,185,000.00
Draper Fisher Jurvetson Fund VII LP	5,000,000	1,012,500.00
Draper Fisher Jurvetson Gotham	3,000,000	840,000.00
Focus Ventures II	30,000,000	16,800,000.00
New Enterprise Associates 9	5,000,000	4,769,438.36
New Enterprise Associates 10	10,000,000	2,750,000.00
Oak Investment Partners	10,000,000	1,799,375.00
Sprout IX	5,000,000	1,705,986.00
TCV IV	25,000,000	13,402,500.00
Vanguard VII	3,000,000	1,200,000.00
VantagePoint Venture Partners IV	10,000,000	1,600,000.00
WIT VC Dawntreader Fund II	30,000,000	16,350,000.00
WIT VC Fund I	500,000	500,000.00
Zone Ventures II	10,000,000	7,000,000.00
	198,500,000	95,539,621.90

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The Directors announce the statement of results for the year ended 31 March 2002.

STATEMENT OF TOTAL RETURN
(incorporating the Revenue Account)

	For the year ended 31 March 2002			From incorporation to 31 March 2001		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	**-**	**(17,166)**	**(17,166)**	-	8,373	8,373
Exchange gains on capital items	**-**	**171**	**171**	-	1,227	1,227
Income – dividends and interest	**3,316**	**-**	**3,316**	5,667	-	5,667
Expenses	**(1,188)**	**-**	**(1,188)**	(1,497)	-	(1,497)
Return on ordinary activities before taxation	**2,128**	**(16,995)**	**(14,867)**	4,170	9,600	13,770
Taxation on ordinary activities	**(641)**	**735**	**94**	(1,311)	-	(1,311)
Return on ordinary activities after taxation for the financial period	**1,487**	**(16,260)**	**(14,773)**	2,859	9,600	12,459
Dividend proposed	**(1,020)**	**-**	**(1,020)**	(2,125)	-	(2,125)
Transfer to/(from) reserves	**467**	**(16,260)**	**(15,793)**	734	9,600	10,334
Return per ordinary share	**2.97p**	**(32.52)p**	**(29.55)p**	5.72p	19.20p	24.92p

The revenue column of this statement is the revenue account of the Company.
All revenue and capital items in the above statement derive from continuing operations.
The Company was incorporated on 19 January 2000 and commenced business on 3 February 2000, the comparative results are therefore for the period from 3 February 2000 to 31 March 2001.

BALANCE SHEET

	As at 31 March 2002 £'000	As at 31 March 2001 £'000
Fixed assets		
Investments	**82,797**	**103,718**
Current assets		
Debtors	**1,812**	**2,200**
Cash at bank	**8,741**	**4,931**
	10,553	**7,131**
Creditors – amounts falling due within one year	**1,937**	**3,643**
Net current assets	**8,616**	**3,488**
Total assets less current liabilities	**91,413**	**107,206**
Creditors – amounts falling due after one year		
Convertible unsecured loan notes	**5**	**5**
Total net assets	**91,408**	**107,201**
Share capital and reserves		
Called up share capital	**5**	**5**
Share premium account	**96,862**	**96,862**
Capital reserve – realised	**8,440**	**3,089**
Capital reserve – unrealised	**(15,100)**	**6,511**
Revenue reserve	**1,201**	**734**
	91,408	**107,201**
Net asset value per ordinary share		
- basic	**182.82p**	**214.40p**

SUMMARISED STATEMENT OF CASH FLOWS

	Year to 31 March 2002 £'000	Period to 31 March 2001 £'000
Net cash inflow from operating activities	**2,654**	**2,182**
Taxation paid	**(517)**	**-**
Purchases of investments	**(35,491)**	**(123,809)**
Sales of investments	**39,121**	**28,464**
Realised currency (losses)/gains	**(6)**	**562**
Net cash inflow/(outflow) from capital expenditure and financial investment	**3,624**	**(94,783)**
Equity dividends paid	**(2,125)**	**-**
Proceeds of share issue	**-**	**100,000**
Expenses of share issue	**-**	**(3,133)**
Proceeds of issue of redeemable preference shares	**-**	**50**
Payment to redeem preference shares	**-**	**(50)**
Net cash inflow from financing	**-**	**96,867**
Increase in cash	**3,636**	**4,266**

The above financial information does not constitute statutory financial statements as defined in Section 240 of the Companies Act 1985. The comparative financial information is based on the statutory financial statements for the period ended 31 March 2001. Those financial statements, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies. Statutory financial statements for the year ended 31 March 2002 will be delivered to the Registrar of Companies in due course.

The Directors recommend a final dividend of 2.04p net per ordinary share in respect of the year ended 31 March 2002, payable on 30 September 2002 to shareholders on the register of members on 19 July 2002.

Copies of the Annual Report will be sent to Members in August and will be available to members of the public from the Registered Office at 23 Cathedral Yard, Exeter, EX1 1HB.

Barbara S Thomas
Executive Chairman
11 July 2002