Strictly embargoed until: 07.00, Thursday 10 July

PRIVATE EQUITY INVESTOR PLC

Preliminary Announcement Of Annual Results

Private Equity Investor PLC ("PEI" or "the Company"), the investment trust which seeks to achieve substantial capital appreciation by investing in emerging growth companies through specialised US venture capital funds focused on the information technology sector, announces unaudited results for the year ended 31 March 2003.

Key points:

	31.03.03	**31.03.02**	**% change**
• Net assets and shareholders' funds (before deducting dividend)	£72,165,000	£92,428,000	(21.92)
• Net assets and shareholders' funds (after deducting dividend)	£71,815,000	£91,408,000	(21.44)
• Net assets per ordinary share (before deducting dividend)	144.33p	184.86p	(21.92)
• Net assets per ordinary share (after deducting dividend) ("NAV")	143.63p	182.82p	(21.44)
• Mid-market price per ordinary share	87.50p	124.00p	(29.44)
• Discount to NAV	39.08%	32.17%	

- The NAV of 143.63p (after paid and proposed dividends of 0.70p) represents a decline of 25.86% from the NAV of 193.73p at flotation in February 2000.

Barbara Thomas, Executive Chairman of PEI, commented: "Although this latest reporting period, overshadowed as it was by major accounting scandals and the prospect of war with Iraq, did not see any upturn in sentiment in the public markets, there is a widely held view among our funds that the tide in venture capital is now turning. Venture capital is largely about picking winners and, increased time horizons aside, our venture partnerships are generally predicting healthy returns on our investments. They are focused on taking advantage of what they perceive to be exceptional investment opportunities at the low point in the cycle, as well as working with their existing investee companies in order to build sustainable enterprise value."

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

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CHAIRMAN'S STATEMENT

We are pleased to present the results for Private Equity Investor PLC. This report covers the twelve months ended 31 March 2003.

Net asset value

During the year, the net assets attributable to ordinary shareholders declined from £91.41 million to £71.82 million after deducting the dividend of 0.70p per share to be paid on 30 September 2003. Undiluted net asset value per share declined by 21.44% to 143.63p from 182.82p, or to 144.33p before deducting the dividend.

Since flotation in February 2000, the NAV has declined by 25.86%, which compares with the fall in the NASDAQ Composite Index of 68% over the same period. The negative performance of the venture portfolio has been partially offset by positive returns from our cash and bonds. When dividends previously paid of 6.29p and the proposed dividend of 0.70p are added back in, the NAV fell by 22.25%. The NAV rose 4.4% in the first quarter of 2003 compared with the fourth quarter of 2002. We believe that the Company has performed well over the last three years against a background of the most severe downturn in the history of the technology sector.

Market Background

According to the MoneyTree Survey*, a survey of the US venture capital market, venture investing in the US totalled $21.2 billion during 2002, approximately half of 2001 levels and similar to those of 1998. Geopolitical and economic uncertainty has inevitably continued to impact on investment sentiment and in the first quarter of 2003, venture capital investment levels fell further with total investment in the US by venture capitalists in entrepreneurial enterprises of $3.8 billion down from $4.3 billion in the previous quarter. In terms of dollars, investment in the first quarter of 2003 was the lowest since the third quarter of 1997, and the number of companies receiving funding the lowest since the third quarter of 1996. Both IPO and M&A activity remain extremely low, 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. On the other hand, 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 USA's National Venture Capital Association, recently made the point that "As uncertainty dissipates and corporate America feels more comfortable making capital expenditures on new technologies, the venture community will regain its confidence that new companies can find customers for their products."

In our last annual report to shareholders in July 2002, I commented on the expectation shared by some of our portfolio managers that the technology sector was then at or near the bottom of the cycle, and that excellent returns could be expected by investing at or near the trough.

Although this latest reporting period, overshadowed as it was by major accounting scandals and the prospect of war with Iraq, did not see any upturn in sentiment in the public markets, there is a widely held view among our funds that the tide in venture capital is now turning; some fund managers actually believe that 2002 represented the best buying opportunity in this sector cycle.

Investment Portfolio

At the year-end, the eighteen partnerships to which Private Equity Investor is committed, together held investments in 378 private companies and 24 public companies. There were 111 new investments during the 12 months and 219 further funding rounds resulting in draw-downs from Private Equity Investor totalling $18.30 million and representing a 15.18% slowdown in the rate of draw-down when compared with the same period last year.

During the year, there were two IPOs, five market disposals and 33 write-ups compared with 14 last year. The rate of write-downs increased slightly from 149 to 155, as did the number of write-offs which grew from 52 to 55. Distributions from trade sales and market disposals totalled $1.34 million.

The bond portfolio grew by 0.14% against a composite benchmark** of -3.56% as the war in Iraq dominated the end of the reporting period and UK bond yields fell to new lows at the beginning of March following the surprise interest rate cut in early February.

Prospects

We consider the Company's venture portfolio to be well diversified across a variety of sectors that are exhibiting promising growth. Companies developing and building wireless platform services, wireless gateways and networks, medical devices, and certain Internet services are doing particularly well.

The financing environment at present enables the Company's venture partnerships to obtain favourable pricing for both new and follow-on investments, resulting in larger equity stakes in their investee companies, at much lower prices than when the Company commenced investing. We believe that many of our portfolio companies are well-positioned and making steady progress.

Venture capital is largely about picking winners and, increased time horizons aside, our venture partnerships are generally predicting healthy returns on our investments. They are focused on taking advantage of what they perceive to be exceptional investment opportunities at the low point in the cycle, as well as working with their existing investee companies in order to build sustainable enterprise value.

Barbara S. Thomas
Executive Chairman

**Compiled in association with PricewaterhouseCoopers, Thomson Venture Economics and the National Venture Capital Association*

**Composite Benchmark

JP Morgan 3 month 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

According to the Moneytree Survey*, venture investing continues to fall back to its historic pre-bubble levels. During 2002 investment totalled $21.2 billion, a level similar to that of 1998. The Survey's first quarter report for 2003 has recorded a continued decline in funding with a total of 623 entrepreneurial companies receiving investment in that period compared to 726 companies in the fourth quarter of last year. As commented by Jesse Reyes, vice president at Thomson Venture Economics, "Given the economic and geopolitical uncertainty of the first quarter, it is not surprising that the industry has extended its investing hiatus. Venture capitalists are lengthening their investment horizon to normative terms of five or six years instead of the accelerated exit models of a few years ago. In that context, they are being more circumspect and diligent in finding the right deals at the right price. In light of current events, it simply requires more time to evaluate an opportunity when looking towards an IPO or exit as far away as 2007-2009."

Venture capitalists have however continued to fund early stage companies at a steady pace. In the first quarter of 2003, these companies attracted $683 million or 18% of total investment, about the same proportion as in each of the four prior quarters. Such consistency suggests that although absolute investment levels continue to fall, venture capitalists remain committed to balancing new investments with those in existing portfolio companies.

Venture capital investing reached the extraordinary level of $28.75 billion in the first quarter of 2000 but has now returned to more realistic levels, with the principal benefit being that investment opportunities are available at much more attractive prices.

Some venture funds have returned surplus funds to investors and new funds being raised are significantly smaller than in the recent past.

Limited Partnership Portfolio

The venture partnerships in which we are invested continue to report quality new investment opportunities at attractive values, but take up of these opportunities was balanced against the need to support promising businesses in the partnerships' existing portfolios. VentureOne, a leading American venture capital research firm, reported that initial venture investments fell from 37% of deals in 2001 to 30% in 2002.

Our investment pace has slowed, but not dramatically, with $18.30 million drawn-down by our venture partnerships in the year to 31 March 2003 compared to $21.58 million in the year to 31 March 2002. We have outstanding financial commitments to 17 of our 18 US technology venture partnerships. The extent to which these commitments have been drawn-down has varied depending on vintage year, stage focus and investment pace and is outlined in the summary of individual venture fund investments below.

As at 31 March 2003 the Company had, through its investment in these technology venture partnerships, 47.88% of its net asset value invested in 378 private companies and 24 public companies. The rate of new investment remained steady, with 111 investments compared with 116 in the previous year and there were 219 follow-on investments. 55 investments were written-off, compared to 52 last year, while 155 valuations, compared with 149, were written-down. Write-ups increased to 33 from 14, based on information provided to us at the date of this report. In addition, during the year there were distributions from trade sales and market disposals totalling $1.34 million.

There have been particularly encouraging signs from some of the quoted stocks in our portfolio funds, which have performed well during the year. Our investment cost in Netflix (NFLX), the largest online entertainment subscription service in the United States, and Alteris (ATRS), a leading provider of systems management software, was a total of $1.18 million. At flotation in May last year, these holdings were valued at $2.17 million and as at 31 March 2003, were valued at $3.01 million. In February 2003, Netflix announced that it had surpassed its one million subscriber mark significantly earlier than expected.

There has also been good news regarding the Company's investment in Expedia, Inc. On 18 March 2003, it was announced that USA Interactive would acquire the Expedia shares which it does not currently own in a stock for stock transaction valued at $3.3 billion. On 31 March 2003, Private Equity Investor's gross interest in Expedia was valued at approximately $4.65 million against an investment cost of approximately $0.69 million.

On the downside, our investment in Occam Networks, which went public in May through its merger with Accelerated Networks, Inc., already quoted on the NASDAQ, was valued at $13,640 at the year-end, compared with an investment cost of $75,504. Occam Networks develops solutions which help telecommunications carriers profitably deliver high-speed broadband services such as data and video.

It is worth noting that the Company's sterling year-end NAV has been adversely affected by the movement in the $/£ exchange rate from 1:1.424 on 31 March 2002 to 1:1.581 on 31 March 2003, resulting in a 9.9% reduction in sterling value.

In line with the slowdown in their investment pace, five of the venture partnerships in which we are invested have agreed to reduce their management fees.

Although the current environment is challenging, it presents opportunities. While many private companies are struggling with the difficult climate for information technology spending, some companies are making good progress, even under these conditions, and enjoying high compound annual revenue growth rates.

Overall, we remain encouraged about the existing portfolio, the quality of our venture partnerships' deal flow and the prospect of an increase in technology spending which is likely to lead to valuation recovery for successful companies in the sector. Markets permitting, we should at some point relatively soon begin to see the upward slope of the venture "J-curve", although this phenomenon is expected to be stretched out as a consequence of the negative market conditions of the past several years.

Bond Portfolio

As at 31 March 2003, Private Equity Investor had $42.81 million in cash and investment grade dollar denominated bonds. The bond portfolio grew by 0.14% against a composite benchmark** of -3.56%. During this period the yield on five year US treasury bonds fell from 4.8% to 2.7% and the high quality corporate bonds held in the portfolio recorded a similar performance. The sterling value of these bonds was negatively affected by the 9.9% fall of the US Dollar against sterling during the year.

Following a more positive end to 2002, higher bond yields had been expected in 2003 but instead, the war in Iraq dominated the end of the reporting year and UK bond yields fell to new lows at the beginning of March. Investors continued to seek the safe haven of fixed income instruments over equities and for a two day period in early March the dividend yield on the All Share exceeded that of the ten year gilt yield for the first time since 1959. At the end of the year the futures markets of three of the four major economies saw the potential for further easing of global interest rates with only Japanese rates forecast to remain static over the next nine months to the end of 2003.

Widened Investment Policy

As reported last year, your Board has been concerned that the satisfactory performance of fixed interest securities might not continue and undertook an in-depth investigation of appropriate investment alternatives to protect the liquid resources of the Company and to achieve a more satisfactory return, while maintaining the Company's investment trust status. The Company's investment policy has been widened, in accordance with shareholder approval, to permit investment of the Company's unutilised cash resources in funds investing in hedge funds. On 18 December 2002 it was announced that this investment was likely to take the form of structured notes issued by financial institutions.

Following advice from investment consultants Watson Wyatt, the Company has selected a bespoke hedge fund of funds that has since February 2000 consistently demonstrated volatility or risk characteristics substantially below that of the Company's bond portfolio. The Company has accordingly invested an initial $15 million through a European Medium Term Note ("EMTN") linked to this fund issued by Bank BNP Paribas (Aa2/AA-) and invested an additional $15 million linked to the same fund through a leveraged EMTN issued by Deutsche Bank (Aa3/AA-). The volatility of these investments combined remains significantly below that of the Company's bond portfolio on a back-tested basis.

Post Period Events

The completion of the sale of Okena Inc. to Cisco Systems Inc. for $154 million in Cisco stock, against a book value of $29 million, was announced in April 2003. Private Equity Investor had a 1.06% holding in Okena, a network security software company, through its 4.6% holding in APV Technology Partners III. The proceeds to APV III were approximately $35 million in Cisco stock which has since been sold. Private Equity Investor's share amounted to approximately $1.6 million, of which $892,000 has been distributed to us.

Through the Company's holding in the TCV IV partnership the Company received a distribution during June 2003 of 19,297 shares in Expedia Inc., representing 21% of its remaining beneficial holding. These shares have since been sold for $1.47 million.

**Compiled in association with PricewaterhouseCoopers, Thomson Venture Economics and the National Venture Capital Association*

** Composite Benchmark

JP Morgan 3 month 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%

Summary of individual venture funds investments:

Name	Total Commitment $	Drawdown to 31 March 2003 $
APV III	5,000,000	4,824,823
Bay III	5,000,000	3,750,000
Crescendo IV	10,000,000	6,750,000
Draper Fisher Jurvetson ePlanet Ventures	30,000,000	13,725,000
Draper Fisher Jurvetson Fund VI LP	2,000,000	1,420,000
Draper Fisher Jurvetson Fund VII LP	5,000,000	1,512,500
Draper Fisher Jurvetson Gotham Venture Fund	3,000,000	1,260,000
Focus Ventures II	30,000,000	18,900,000
New Enterprise Associates 9	5,000,000	4,769,438
New Enterprise Associates 10	10,000,000	4,750,000
Oak Investment Partners X	10,000,000	3,222,500
Sprout Capital IX	5,000,000	2,355,986
TCV IV	25,000,000	15,902,500
Vanguard VII	3,000,000	1,500,000
VantagePoint Venture Partners IV	10,000,000	2,400,000
WIT VC Dawntreader Fund II	30,000,000	18,300,000
WIT VC Fund I	500,000	500,000
Zone Ventures Fund II	10,000,000	8,000,000
	198,500,000	113,842,747

Tim Childs
Managing Director

STATEMENT OF TOTAL RETURN
(incorporating the Revenue Account)*

			Year ended 31 March 2003			Year ended 31 March 2002
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Losses on investments	**-**	**(19,959)**	**(19,959)**	-	(17,166)	(17,166)
Exchange (losses)/ gains on capital items	**-**	**(861)**	**(861)**	-	171	171
Income – dividends and interest	**2,040**	**-**	**2,040**	3,316	-	3,316
Expenses	**(1,102)**	**-**	**(1,102)**	(1,188)	-	(1,188)
Return on ordinary activities before taxation	**938**	**(20,820)**	**(19,882)**	2,128	(16,995)	(14,867)
Taxation on ordinary activities	**(305)**	**944**	**639**	(641)	735	94
Return on ordinary activities after taxation for the financial period	**633**	**(19,876)**	**(19,243)**	1,487	(16,260)	(14,773)
Dividend proposed	**(350)**	**-**	**(350)**	(1,020)	-	(1,020)
Transfer to/(from) reserves	**283**	**(19,876)**	**(19,593)**	467	(16,260)	(15,793)
Return per ordinary share	**1.26p**	**(39.75)p**	**(38.49)p**	2.97p	(32.52)p	(29.55)p

*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.
These accounts have been prepared using accounting standards and policies adopted at the previous year-end.

BALANCE SHEET

	As at 31 March 2003 £'000	As at 31 March 2002 £'000
Fixed assets		
Investments	**69,414**	82,797
Current assets		
Debtors	**1,300**	1,812
Cash at bank	**1,615**	8,741
	2,915	10,553
Creditors – amounts falling due within one year	**509**	1,937
Net current assets	**2,406**	8,616
Total assets less current liabilities	**71,820**	91,413
Creditors – amounts falling due after one year		
Convertible unsecured loan notes	**5**	5
Total net assets	**71,815**	91,408
Share capital and reserves		
Called up share capital	**5**	5
Share premium account	**96,862**	96,862
Capital reserve – realised	**11,507**	8,440
Capital reserve – unrealised	**(38,043)**	(15,100)
Revenue reserve	**1,484**	1,201
	71,815	91,408
Net asset value per ordinary share		
basic	**143.63p**	182.82p

SUMMARISED STATEMENT OF CASH FLOWS

	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
Net cash inflow from operating activities	**1,204**	2,654
Taxation paid	**-**	(517)
Purchases of investments	**(37,338)**	(35,491)
Sales of investments	**30,885**	39,121
Realised currency losses	**(210)**	(6)
Net cash (outflow)/inflow from capital expenditure and financial investment	**(6,663)**	3,624
Equity dividends paid	**(1,020)**	(2,125)
(Decrease)/increase in cash	**(6,479)**	3,636

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 year ended 31 March 2002. 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 2003 will be delivered to the Registrar of Companies in due course.

The Directors recommend a final dividend of 0.70p net per ordinary share in respect of the year ended 31 March 2003, payable on 30 September 2003 to shareholders on the register of members on 18 July 2003.

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
9 July 2003