J.P. Morgan Private Equity Limited

Annual Report and Consolidated Financial Statements
for the year ended 30 June 2012

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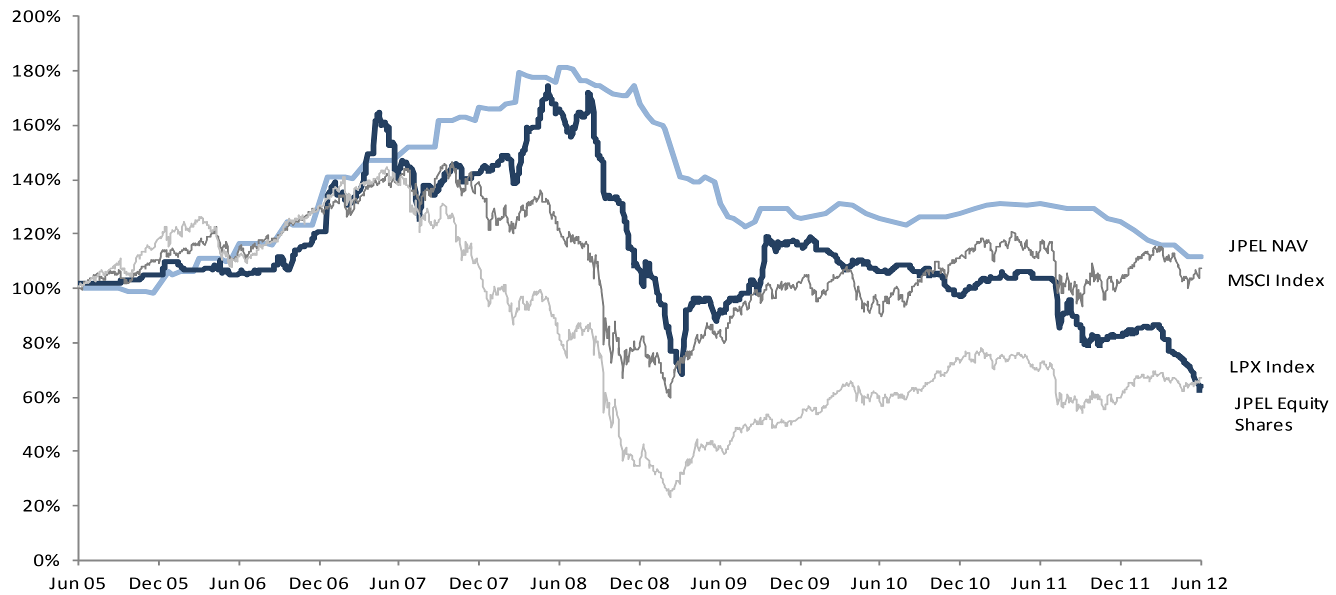
Financial Summary (Company Information)

	30 June 2012
US$ Equity Shares	
NAV per Share	$1.13
Share Price	$0.68
Shares in Issuance (excluding shares held in treasury)	380.4m
2013 ZDP Shares	
NAV per Share[1]	68.05p
Share Price	69.75p
Shares in Issuance (excluding shares held in treasury)	63.2m
2015 ZDP Shares	
NAV per Share[1]	65.31p
Share Price	72.38p
Shares in Issuance (excluding shares held in treasury)	67.0m
2017 ZDP Shares	
NAV per Share[1]	69.25p
Share Price	76.50p
Shares in Issuance (excluding shares held in treasury)	30.4m
Statement of Financial Position (extract)	
Investments at Fair Value	$627.5m
Bank Deposits	$18.8m
Other Assets[2]	$1.7m
Credit Facility[3]	($44.4m)
Other Liabilities[4]	($3.8m)
Total Net Asset Value[5]	**$599.8m**

Performance as at 30 June 2012

JPEL Performance Since Inception at 30 June 2005[6]



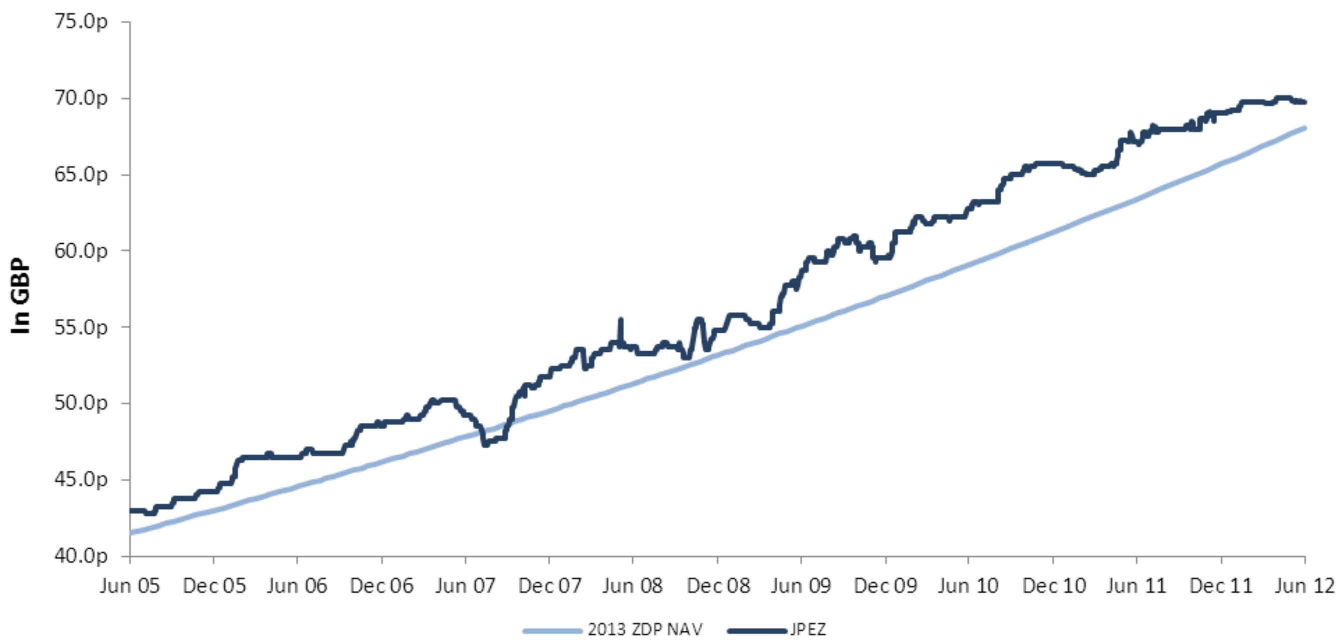
Past performance is not an indication of future performance.

1. Throughout the document, the term Net Asset Value per share or "NAV per Share" for each of JPEL's three classes of Zero Dividend Preference Shares (2013 ZDP Shares, 2015 ZDP Shares and 2017 ZDP Shares) refers to the carrying value of the ZDP shares as at 30 June 2012. ZDP shareholders are entitled to a redemption amount that is increased daily at such a daily compound rate as would give a final entitlement as referenced in Note 15 to the Consolidated Financial Statements on pages 65 and 66.
2. Includes accrued interest income.
3. On 7 March 2011, JPEL entered in to a multi-currency credit facility in the amount of US$150 million with Lloyds TSB Bank plc.
4. Includes fee accruals, other payables and derivative liabilities.
5. Information presented as non-consolidated. The Net Asset Value represents the capital of the Company which includes the Net Asset Value of the ZDP shares as well as the Net Asset Value of the US$ Equity Shares.
6. Source: Managers, Bloomberg as at 30 June 2012. JPEL NAV data as at 30 June 2012, released via the London Stock Exchange on 10 August 2012. LPX ® Composite performance shown is indexed to JPEL's initial trade price of $1.07 on 30 June 2005. The index is well diversified across regions and LPE investment styles and represents the development of all LPE companies covered by LPX® that fulfill certain liquidity constraints. The LPX® Composite is a global Listed Private Equity ("LPE") index with a broad number of constituents.

Historical Performance

JPEL US$ Equity NAV and Share Price Development through 30 June 2012[1] (Since Inception)

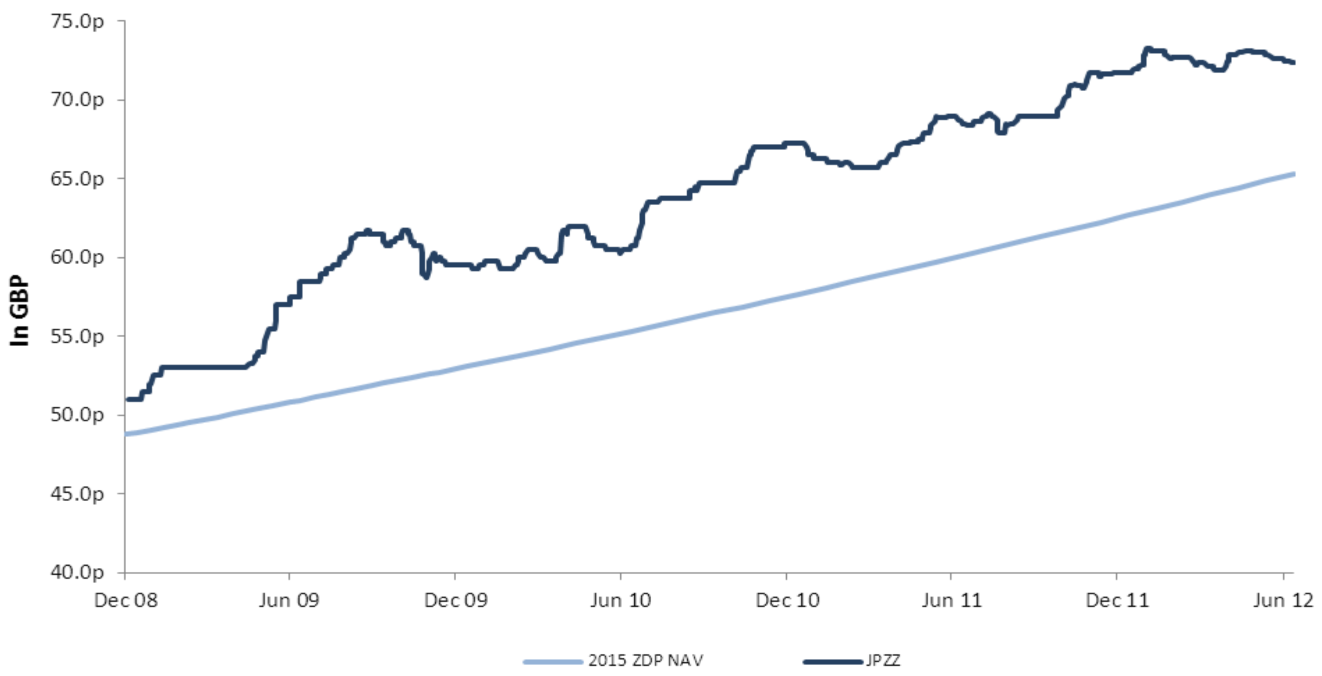
2013 JPEL ZDP NAV and Share Price Development through 30 June 2012[1] (Since Inception)



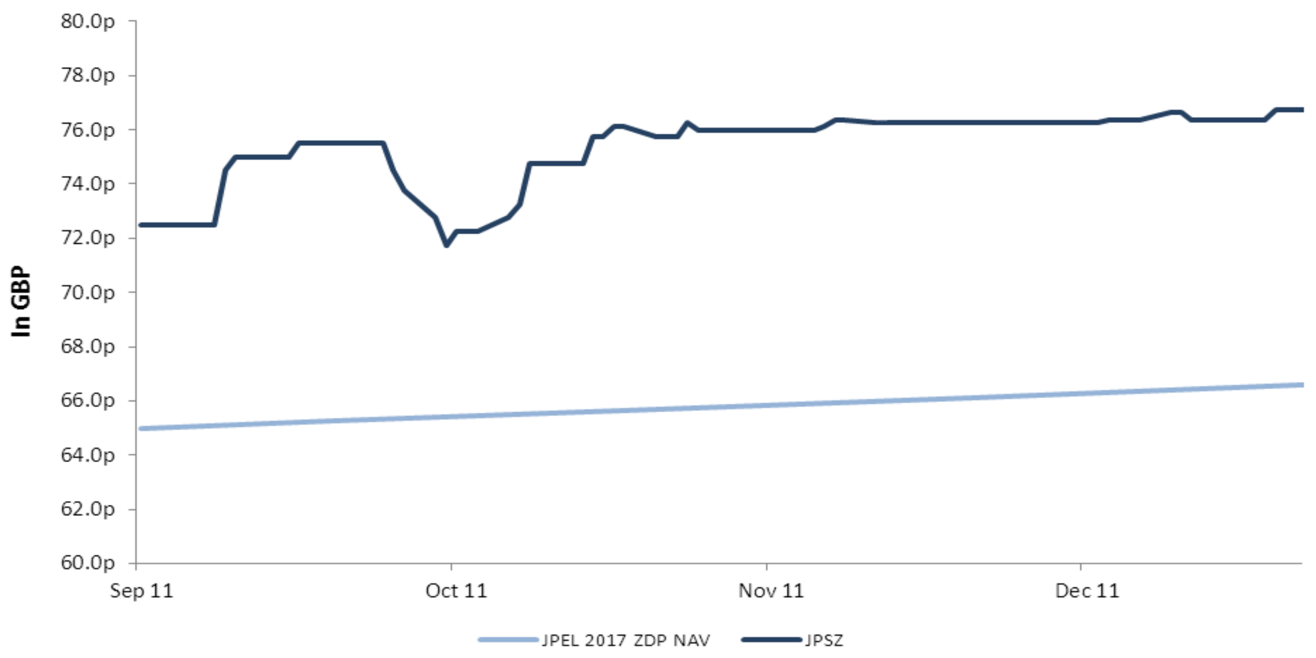
1 Source: Bloomberg, Managers. As at 30 June 2012.
Past performance is not an indication of future performance

Historical Performance (continued)

2015 JPEL ZDP NAV and Share Price Development through 30 June 2012[1] (Since Inception)



2017 JPEL ZDP NAV and Share Price Development through 30 June 2012[1] (Since Inception)



1 Source: Bloomberg, Managers. As at 30 June 2012.
Past performance is not an indication of future performance.

Overview & Strategy

OVERVIEW

J.P. Morgan Private Equity Limited ("JPEL" or the "Company") is a Guernsey registered and incorporated closed ended investment company that trades on the London Stock Exchange (LSE: JPEL, JPEZ, JPZZ, JPSZ, JPWW). The Company is designed primarily to invest in the global private equity market. The fair value of the Company's total assets as at 30 June 2012 was $648 million.

JPEL held its initial public offering on 30 June 2005 under the name "Bear Stearns Private Equity Limited". The Company currently has four classes of shares: US$ Equity Shares, 2013 Zero Dividend Preference Shares ("2013 ZDP Shares"), 2015 Zero Dividend Preference Shares ("2015 ZDP Shares") and 2017 Zero Dividend Preference Shares ("2017 ZDP Shares"). At 30 June 2012, 2013 ZDP Shares made up 10.4% of total capital, 2015 ZDP Shares made up 10.8% of total capital, 2017 ZDP Shares made up 5.1% of total capital and US$ Equity Shares made up the remaining 73.7%.

JPEL issued warrants free of subscription cost to shareholders on record as at 17 August 2009. One warrant was issued for every six US$ Equity Shares owned. The warrants are publicly traded on the London Stock Exchange under the symbol "JPWW". As at the time of publication of the Annual Report, there were 57,895,919 warrants in issuance.

JPEL is managed by Bear Stearns Asset Management Inc. ("BSAM Inc."), JPMorgan Asset Management (UK) Limited ("JPMAM UK") and JF International Management Inc. ("JFIMI") (together, the "Managers"), all wholly-owned subsidiaries of JPMorgan Chase & Co. Following the acquisition of The Bear Stearns Companies Inc. by JPMorgan Chase & Co., the investment management team within BSAM Inc. that has managed the Company since its inception joined J.P. Morgan Asset Management. The Company has entered into a management agreement with the Managers to invest the assets of the Company on a discretionary basis, subject to the overall supervision of the Board of Directors (the "Directors"), a majority of whom are independent. The Directors have overall responsibility for the Company's investment policy and the Company's activities.

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of $2.3 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management, and private equity.

The key measure of performance used by the Board and shareholders to assess the Company's performance is the NAV which is prepared on a monthly basis by Augentius (Guernsey) Limited (the "Administrator"). The Portfolio Review on pages 16 to 18 is accordingly prepared on the Company basis as this information is considered more relevant to the needs of shareholders for assessment of the Company's performance. Subsequent to the fiscal year end, on 8 August 2012, the Company received approval from the Guernsey Financial Services Commission ("GFSC") to appoint Augentius (Guernsey) Limited as administrator and secretary to the Company, replacing HSBC Management (Guernsey) Limited. JPEL's registered office has changed to Carinthia House, 9-12 The Grange, St Peter Port, Guernsey, GY1 4BF.

STRATEGY

The Company primarily pursues the following strategies to enhance shareholder value and to meet its investment objective:

- acquires secondary portfolios of direct investments and significantly invested partnership investments to accelerate NAV development;
- opportunistically invests in buyout, venture capital, and special situations funds and investments throughout the world based on attractive transaction values, advantageous market conditions, and compelling risk-adjusted return potential;
- obtains exposure to individual companies by co-investing alongside private equity sponsors in companies that offer the potential for substantial equity appreciation;
- diversifies its portfolio by manager, industry, geography, investment stage, and vintage year; and
- actively manages the portfolio by repositioning its investment composition from time to time in order to capitalise on changes in private equity market conditions.

In summary, the investment strategy of the Company is to achieve both short-term and long-term capital appreciation by investing in a well-diversified portfolio of private equity interests and by capitalising on the inefficiencies of the global secondary private equity market.

Chairman's Statement

The fiscal year ending 30 June 2012 was a challenging period for the Company.

As we discussed in the Company's semi-annual report dated 31 December 2011, volatility and uncertainty plagued the broader equity markets during the last six months of 2011. This uncertainty continued through the first six months of 2012. Private equity valuations have begun to show the effects of depreciating public markets and renewed fears as a result of the European sovereign debt crisis.

As a result, the majority of reports from JPEL's underlying private equity sponsors used in deriving the Company's 30 June 2012 NAV reflected the heighted volatility and uncertainty of the global markets. In addition, regulatory concerns prompted a downturn for the US for-profit education sector which negatively impacted several of JPEL's underlying portfolio companies that operate in the for-profit education industry. For the fiscal year ending 30 June 2012, based on audited numbers, JPEL reports a 16.9% decline in net asset value ("NAV") per US$ Equity Share.[1] I discuss JPEL's performance in more detail later in this statement.

In light of the current market environment as well as JPEL's NAV performance over the past few months, the Board has been focused on the optimisation and clarification of the Company's capital structure.

In this vein, in April 2012, JPEL announced that the Company had extended its credit facility with Lloyds TSB Bank plc ("Lloyds Facility"). The new facility expires in January 2017 and contains similar covenants to the Company's existing $150 million multi-currency facility which was due to expire in May 2013. The Board believes that the extension of the Lloyds Facility will provide JPEL with increased financial flexibility to support its strategic initiatives over the next few years. In particular, the Lloyds Facility features attractive pricing: LIBOR +280bps for a loan to value ratio (LTV) of less than or equal to 10%, with no LIBOR floor and LIBOR +330bps for a LTV ratio of greater than 10%, with no LIBOR floor.

After the fiscal year ended, JPEL continued to focus on increasing the operational efficiency of its capital structure and announced a series of special resolutions that were duly passed at the Company's AGM, which was held on 5 September 2012.

I would like to highlight that shareholders voted in the affirmative for a special resolution to do the following:

- Amend the limits on borrowing to 30 per. cent of the Total Assets of the Company.
- Amend the final capital entitlement ("FCE") dates of each of the Company's three classes of ZDP Shares.
  - The FCE date for JPEL's 2013 ZDP Shares is now 28 April 2013.
  - The FCE date for JPEL's 2015 ZDP Shares is now 31 October 2015.
  - The FCE date for JPEL's 2017 ZDP Shares is now 31 October 2017.
- Increase the minimum cover under the ZDP Test from 1.3 times to 2.0 times, as defined in the Company's Articles.
- Approve the refinancing proposal for the Company's 2013 ZDP Shares. JPEL proposes that the Company's 2013 ZDP Shares be refinanced primarily through a combination of available cash and undrawn borrowings under the existing credit facility.

The Board is grateful for the outcome of the AGM vote. The Board believes that the affirmative vote provides an important step in improving the structure of JPEL. The Board and the Managers believe that the increased borrowing capacity may provide flexibility in enabling the Company to replace existing higher cost ZDP financing, and to return capital to shareholders either through share buybacks or through the operation of a tender facility.

1 Based on audited US$ Equity NAV per share of $1.36 on 30 June 2011 and $1.13 on 30 June 2012.

Chairman's Statement (continued)

JPEL has experienced positive distribution activity during the 2012 fiscal year.
A positive development during a difficult fiscal year was a significant improvement of net distributions to JPEL. Exclusive of new investment purchases, JPEL received approximately $77.6 million of gross distributions and funded $19.3 million of capital calls. Please see page 19 in this report for more details on distribution and capital call activity.

Although distributions have increased steadily over the last two years and are much improved from fiscal year 2011, activity is still below historic norms for the private equity asset class and below what the Managers projected at the start of the fiscal year. Net distributions were also positively impacted by a dramatic reduction in capital calls during fiscal year 2012 as compared to fiscal year 2011. The Managers believe this reduction can be attributed to the maturity of the portfolio as well as lower overall private equity investment activity.

JPEL's net distribution activity has led to a return of capital to shareholders. It is JPEL's policy to return 50% of portfolio distributions, net of capital calls, operating expenses and any near term payment obligations, to shareholders.[1] In the fiscal year ending 30 June 2012, JPEL has returned approximately 21 million US$ Equity Shares (or approximately 5.5% of the weighted average number of US$ Equity Shares outstanding at 30 June 2012) to shareholders through a combination of the Company's tender facility and buyback activities. All shares returned are held in treasury.

INVESTMENT ACTIVITY

JPEL's investment pace, specifically in terms of deploying cash to new investments, was measured during the 2012 fiscal year. JPEL has completed some new investments during the last twelve months, while the remainder of capital funded was for follow-on investments and capital calls from the underlying JPEL portfolio.

New investments made during the fiscal year included:

- In November 2011, JPEL completed one primary investment in a leading international healthcare investment firm, specialising in direct secondary transactions of late-stage venture capital and growth equity assets.
- In February 2012, JPEL completed a co-investment in a leading provider of identity theft protection. The identity theft protection market is a large and growing multi-billion dollar market opportunity. JPEL's investment was used by the company to help finance an acquisition that will facilitate vertical integration into the data field as well as improve the company's scale and profitability. Subsequent to the period, the company went public on 3 October 2012.
- In order to bring new assets into JPEL and to capitalize on unique investment opportunities, JPEL has focused on stock-transactions. In particular, during the fiscal year JPEL completed one all-stock acquisition of a portfolio of 38 European mid-market buyout co-investments ("Co-Investment Portfolio"). The Co-Investment Portfolio was purchased from the SPL Funds for £56.5 million through the issuance of £36.7 million of US$ Equity Shares and £19.8 million of a new class of ZDP Shares due 2017. JPEL will continue to look for stock-transactions, although the recent decline in JPEL's US$ Equity Share price makes this more difficult.
- Over the last several months, through various open market purchases, JPEL, together with another fund managed by the Managers, acquired approximately 22.6% of a listed private equity fund with exposure to five water related assets at a significant discount to prevailing net asset value. The listed private equity fund has significant exposure to Asia.

Follow-on investments included:

- In December 2011, JPEL completed a €2.5 million investment in a mezzanine loan that is supported by the leading multi-brand restaurant chain operator in Spain (including Burger King and Domino's Pizza). The Company has continued to grow despite local economic conditions. The Managers are familiar with the underlying company and have existing exposure to the equity of the investment. JPEL's investment offers attractive returns of 22.5% in PIK interest and is subject to a 1.5x minimum return if refinanced early.

1 Subject to applicable legal, corporate and regulatory restrictions. Shareholders should not expect that they will necessarily be able to realise, within a period which they would otherwise regard as reasonable, their investment in the Company, nor can they be certain that they will be able to realise their investment on a basis that necessarily reflects the value of the underlying investments held by the Company.

Chairman's Statement (continued)

The individual investments are discussed further in the "2012 Investment Activity" section of the Managers' Report.

NAV AND SHARE PRICE PERFORMANCE

In the twelve months ending 30 June 2012, JPEL's NAV per US$ Equity Share declined by 16.9% from an audited NAV per US$ Equity Share of $1.36 at 30 June 2011 to $1.13 at 30 June 2012. Overall, JPEL's NAV development has been negatively affected due to a combination of factors, including the following:

- ***Lower Comparables in Europe:*** JPEL's underlying private equity NAV has been impacted by EBITDA multiple contraction due to public market comparables within its European portfolio. The Managers continue to believe that there is embedded value in the underlying JPEL portfolio as evidenced by the levels of revenue and EBITDA growth at the Company's top 37 buyout positions. Revenue and EBITDA for the top positions grew 9.5% and 3.6%, respectively, for the 12 month period ending 31 December 2011.[1]

- ***Softness in US Post-Secondary Education:*** For-profit colleges and universities are responsible for approximately 11% of enrolled students in a $450 billion US post-secondary education industry.[2] The post-secondary education sector is currently facing a variety of negative media and political statements as well as uncertainty surrounding potential changes to student funding and details of new regulations. In particular, JPEL has exposure to Education Management Corporation ("EDMC"). EDMC's shares have declined 71% over the course of JPEL's fiscal year 2012.[3] EDMC currently represents 1.0% of JPEL's underlying private equity investment value, while education services account for 5.2% of JPEL's underlying private equity investment value at 30 June 2012.

- ***Structural Gearing and Ongoing Financing Costs:*** Ongoing expenses, including JPEL's credit facility and Zero Dividend Preference Shares, offset a portion of net asset value development. Through the new Lloyds Facility and the recently amended limits on borrowing, the Company will have the ability to replace its higher yielding ZDPs with more efficient financing.

The public market value of the Company's US$ Equity Shares decreased by 37.9% during the twelve month period ending 30 June 2012. As at 13 September 2012, the Company's US$ Equity Shares traded at a 42.4% discount to net asset value, versus the average discount of the selected peer group of 38.5%.[4] The current discount of 42.4% is well in excess of the Company's average historical discount to NAV per US$ Equity Share of 20.7% as at 13 September 2012.

The Company is disappointed by the decline in its US$ Equity Share price and has redoubled its efforts in recent months to increase its rating. In particular the Company has actively repurchased its shares in the open markets. During the fiscal year, JPEL repurchased 13.2 million US$ Equity Shares at an average price of $0.823 per US$ Equity Share.[5]

The Managers and Board continue to believe that the current market price does not reflect the underlying value of the Company's portfolio, and as such, buyback authorization was granted at prevailing market levels.

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1 Source: Managers. Represents largest underlying buyout investments within JPEL's largest 50 underlying companies. Buyout related investments represent 37 of JPEL's largest 50 investments and 35% of total private equity investment value.
2 J.P. Morgan North America Equity Research. "Education Services" dated 24 July 2012.
3 Source: Bloomberg. EDMC share price as at 30 June 2011 and 30 June 2012.
4 Source: J.P. Morgan Cazenove Alternative Statistics, Bloomberg as at 30 September 2012. Peer Group members based on multi-manager listed private equity funds included in the research publication "LPE Focus" by RBS and includes: APEN, SHPN, PEHN, PIN, CPEN, PEY, CCAP, HPEQ, FPEO, NBPE, HVPE, SEP.
5 As at 13 September 2012.

Chairman's Statement (continued)

JPEL's 2013 ZDP Shares continue to perform well. The NAV of 2013 ZDP Shares rose 7.3% during this period, from 63.41p to 68.05p per share. At 30 June 2012, JPEL's 2013 ZDP Shares traded at a 2.5% premium to NAV.

JPEL's 2015 ZDP Shares also continue to perform well. The NAV of 2015 ZDP Shares rose 8.7% during this period, from 60.11p to 65.31p per share. At 30 June 2012, JPEL's 2015 ZDP Shares traded at a 10.8% premium to NAV.

JPEL's newly issued 2017 ZDP Shares have performed well since admission on 12 September 2011. The share price has increased 17.7% since inception, closing at 76.50p on 30 June 2012 compared to its initial capital entitlement of 65.0p.

REVIEW OF 2012 GOALS

In recent months, the Managers have had the opportunity to share the Company's "Action Plan" with shareholders. I would like to take the opportunity to update shareholders on JPEL's progress in achieving some of these goals. In particular, I would like to thank shareholders for voting in the affirmative on all resolutions during the AGM that took place on 5 September 2012.

Item	Progress Update
Strengthen Balance Sheet and Reduce Carrying Costs	– Paid down remaining AU$30 million facility held at JPEL's Australia subsidiary level. – Paid down approximately 10.7% of revolving loan facility at BoS Mezzanine Partners Fund LP subsidiary level. – Extended existing debt facility with Lloyds Bank through January 2017. Key terms of the Lloyds Facility include: LIBOR +280bps for a loan to value ratio (LTV) of less than or equal to 10%, with no LIBOR floor and LIBOR +330bps for a LTV ratio of greater than 10%, with no LIBOR floor.
Plan for Repayment of 2013 ZDPs	– With shareholder approval granted at the Company's 5 September 2012 AGM, the Company has added one additional option to repay its 2013 ZDP Shares. • JPEL has the ability to borrow up to the full $150 mm Lloyds Facility. – The cost of the Lloyds Facility compares favourably to the average cost of JPEL's three classes of ZDP Shares. The Company has also brought the final capital entitlement dates forward by 2 months for each class of ZDP shares.
Liquidity	– In the fiscal year ending 30 June 2012, JPEL has repurchased or tendered over 21 million US$ Equity Shares or approximately 5.5% of the weighted average number of US$ Equity Shares outstanding at 30 June 2012.

Chairman's Statement (continued)

MARKET OUTLOOK

As with any uncertain market environment, investment opportunities are created. The changing regulatory environment has led to significant activity within the private equity secondary market. The Managers expect this level of activity to continue over the next 18 to 24 months.

Opportunities in the portion of the secondary private equity market where JPEL primarily invests have been aided by the extreme volatility in the world such as the US and Eurozone debt issues and currency pressures. Please refer to the Company's audited financial statements dated 30 June 2012 for a more detailed review of the market risk associated with the Company's investment strategy.

Once again, I would like to thank shareholders for the support that they have placed in the Company.

Trevor Ash
Chairman

22 October 2012

Corporate Actions

- On 16 August 2011, the Company announced that it had entered into a conditional agreement with Private Equity (PE1) IC Ltd, SPL Private Equity (PE2) IC Ltd, and SPL Integrated Finance (PE3 IC Ltd) (together, the "SPL Funds") to acquire a portfolio of 38 middle-market co-investments in an all-stock acquisition (the "Acquisition") valued at £56.5 million or approximately US$91.9 million. Under the terms of the Acquisition, the SPL Funds received approximately 65% of the purchase price, or £36.7 million, through the issue of 44,727,053 new US$ Equity Shares issued at JPEL's unaudited US$ Equity NAV per share at 30 June 2011 and 35% of the purchase price or £19.8 million through the issue of a new class of 2017 Zero Dividend Preference Shares ("New 2017 ZDP Shares"). The 30,410,753 New 2017 ZDP Shares issued as a part of the transaction have a gross redemption yield of 8.25% and will mature on 31 December 2017. The Acquisition closed on 12 September 2011.
- On 25 August 2011, the Company announced that Liberum Capital Limited, acting as broker on behalf of the SPL Funds, conditionally placed all 2017 ZDP Shares with institutional investors.
- On 15 February 2012, PricewaterhouseCoopers CI LLP accepted the Board of Directors' invitation to become the Company's auditor. On 14 February 2012, KPMG resigned as the Company's auditor in accordance with Section 273(2) of The Companies (Guernsey) Law 2008.
- On 24 February 2012, the Company announced that it accepted the following shares tendered to it at the applicable Net Asset Value per share as at 31 December 2011:
    - 10,706,290 of US$ Equity Shares at a price of USD 1.27 per share
    - 153,284 of 2013 Zero Dividend Preference shares at a price of GBP 0.6567 per share
    - 1,514,935 of 2015 Zero Dividend Preference shares at a price of GBP 0.6267 per share
- On 30 April 2012, the Company announced that it had agreed in principle on a new multi-currency credit facility with a longer maturity date with Lloyds TSB Bank plc. The new facility will expire in January 2017 and contains similar covenants to the Company's existing $150 million multi-currency facility which was due to expire in May 2013. The extension was closed and finalized on 9 July 2012. Key terms of the proposed facility include:
    - LIBOR +280bps for a loan to value ratio (LTV) of less than or equal to 10%, with no LIBOR floor
    - LIBOR +330bps for a LTV ratio of greater than 10%, with no LIBOR floor
- On 23 July 2012, JPEL published a Circular to Shareholders. The circular contained notices in respect of the 2012 AGM of the Company and class meetings of holders of US$ Equity Shares and each class of ZDP Shares as detailed below:

Special Resolutions

1. To renew the Company's authority to make purchases of up to 15 per cent. of its own issued shares pursuant to any proposed Tender Offer.
2. To renew the Company's general authority to make market purchases of up to 14.99 per cent. of its own issued Shares.
3. To renew the disapplication of the pre-emption rights for up to 10 per cent. of its own issued Shares as set out in the Articles of Incorporation.
4. To: (i) amend the Company's borrowing powers to 30 per cent. of Total Assets from 20 per cent. of Adjusted Total of Capital and Reserves as set out in the Articles of Incorporation and to further amend the Articles of Incorporation to incorporate the rights of the 2017 ZDP Shares, (ii) amend the final capital entitlement date of each class of Issued ZDP Shares, (iii) amend the ZDP Test, and (iv) make a corresponding change to the borrowing restriction contained in the investment policy.

Corporate Actions (continued)

Ordinary Resolutions

5. To approve and adopt the Annual Report and Financial Statements of the Company for the year ended 30 June 2011.
6. To re-elect Gregory S. Getschow as a non-executive Director of the Company, who retires by rotation.
7. To re-elect John Loudon as a non-executive, independent Director of the Company, who retires by rotation.
8. To elect PricewaterhouseCoopers CI LLC as Auditors to the Company.
9. To authorise the Directors to determine the Auditors' remuneration.
10. To authorise and agree the remuneration of the Directors in accordance with the Articles of Incorporation.

<u>Resolutions proposed separately at the US$ Equity Class Meeting.</u>

Extraordinary Resolution

1. To: (i) amend the Company's borrowing powers to 30 per cent. of Total Assets from 20 per cent. of Adjusted Total of Capital and Reserves as set out in the Articles of Incorporation and to further amend the Articles of Incorporation to incorporate the rights of the 2017 ZDP Shares, (ii) amend the final capital entitlement date of each class of Issued ZDP Shares, (iii) amend the ZDP Test, and (iv) make a corresponding change to the borrowing restriction contained in the investment policy.

Ordinary Resolution

1. To approve the Refinancing Proposal formulated by the Board.

<u>Resolutions proposed separately at each Class Meeting of the Issued ZDP Shares.</u>

Extraordinary Resolution

1. To: (i) amend the Company's borrowing powers to 30 per cent. of Total Assets from 20 per cent. of Adjusted Total of Capital and Reserves as set out in the Articles of Incorporation and to further amend the Articles of Incorporation to incorporate the rights of the 2017 ZDP Shares, (ii) amend the final capital entitlement date of each class of Issued ZDP Shares, (iii) amend the ZDP Test, and (iv) make a corresponding change to the borrowing restriction contained in the investment policy.

   Defined terms of the Circular as noted above can be found in the Circular posted to the Company's website.

- On 8 August 2012, the Company received approval from the GFSC to appoint Augentius (Guernsey) Limited as administrator and secretary to the Company, replacing HSBC Management (Guernsey) Limited. The Company's registered office has changed to Carinthia House, 9-12 The Grange, St Peter Port, Guernsey, GY1 4BF.
- On 8 August 2012, the Company entered into an amended and restated management agreement. JPEL announced that JF International Management Inc. ("JFIMI"), in addition to Bear Stearns Asset Management Inc. and JPMorgan Asset Management (UK) Limited, will act as an investment manager to the Company.
- On 5 September 2012, the Company announced that all resolutions put forth to shareholders at the Company's AGM were duly passed. The meetings were held from 3:30 p.m. (London time) on 5 September 2012 at Carinthia House, 9 - 12 The Grange, St Peter Port, Guernsey GY1 4BF.
- In the period 23 August 2011 through 13 September 2012, the Company purchased 13.15 million US$ Equity Shares at an average price of $0.823 per share.

Managers' Report

MARKET OVERVIEW

We are currently in a growth-challenged environment. The US economy is sluggish with 2011 GDP growth of 1.7% and unemployment over 8% as of May 2012. Europe is in a state of economic crisis due to sovereign debt and uncertainty about the future of the Eurozone. After years of sustaining high growth rates, there are signs that China's economy may be slowing down. The private equity industry went through a period of tentative recovery in 2010 and 2011 and in 2012 has started to reflect the uncertainty felt in the greater global economy.

Deal pricing in the primary private equity market was pushed upwards in 2011 by an abundance of available capital and investment period constraints. Bain & Company estimated that at the beginning of 2011 the global private equity industry was sitting on nearly $1 trillion of dry powder of which approximately 55% was from funds nearing the end of their investment period.[1]

In Q2 and Q3 2011, deal volume was strong and competition for deals bolstered purchase prices. According to S&P's Leveraged Buyout Review, in Q3 2011 the average purchase price multiple was the highest since the financial crisis in 2008. Deal volume dropped off in Q4 2011 alongside rising concern about the European debt crisis. Purchase price multiples have steadily declined since Q3 2011 to a more rational average of 8.0x EBITDA in the second quarter of 2012 (see figure 1) due to a lack of available financing.

An influx of capital has made the secondary private equity market much more competitive over the last three years. Since 2009, an estimated $51.8 billion has been raised across 60 dedicated secondary funds (see figure 2). In addition, the marketplace has been expanded by fund-of-funds and institutions. It is estimated that secondary funds and secondary pockets of fund-of-funds had approximately $44 billion in dry powder as of January 2012.

In the past 18 months, the secondary market has shown some softness, reflecting the greater market uncertainty. After reaching a high of 89.8% of NAV in H2 2010, the average bid for buyout funds has decreased to 85.0% of NAV at H2 2012 according to Cogent Partners (see figure 3). Buoying the secondary industry is a subset of buyout funds that trades at a more narrow discount, averaging a high bid of 90% of NAV or greater. These funds represented nearly 40% of Cogent's data set in 1H 2012 and received higher pricing premiums due to limited trading, smaller initial fundraises, and high quality assets that are performing well.

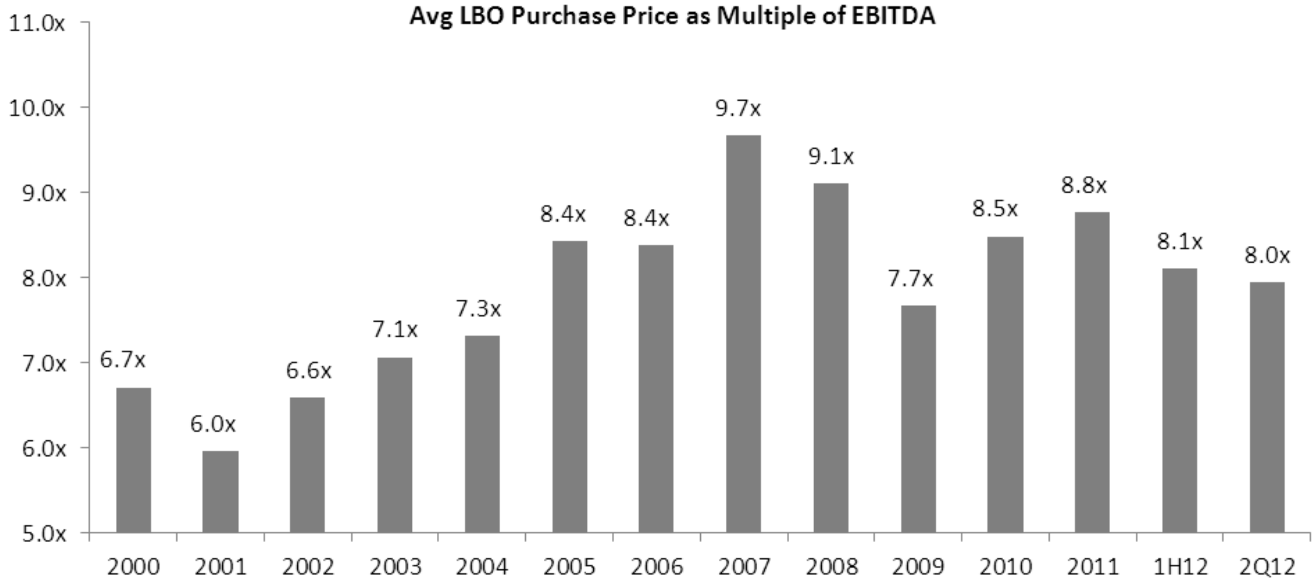
To find deep value investments, JPEL's Managers look for quality assets that don't fit the investment mandates of traditional secondary investors. JPEL seeks investments such as complex transactions (taking a publicly listed fund private); single asset deals (buying a minority position from a family member in a private equity controlled company); or off-market sales (purchasing a LP stake in a small Indian private equity fund).

1 Bain & Company, Global Private Equity Report 2012

Managers' Report (continued)

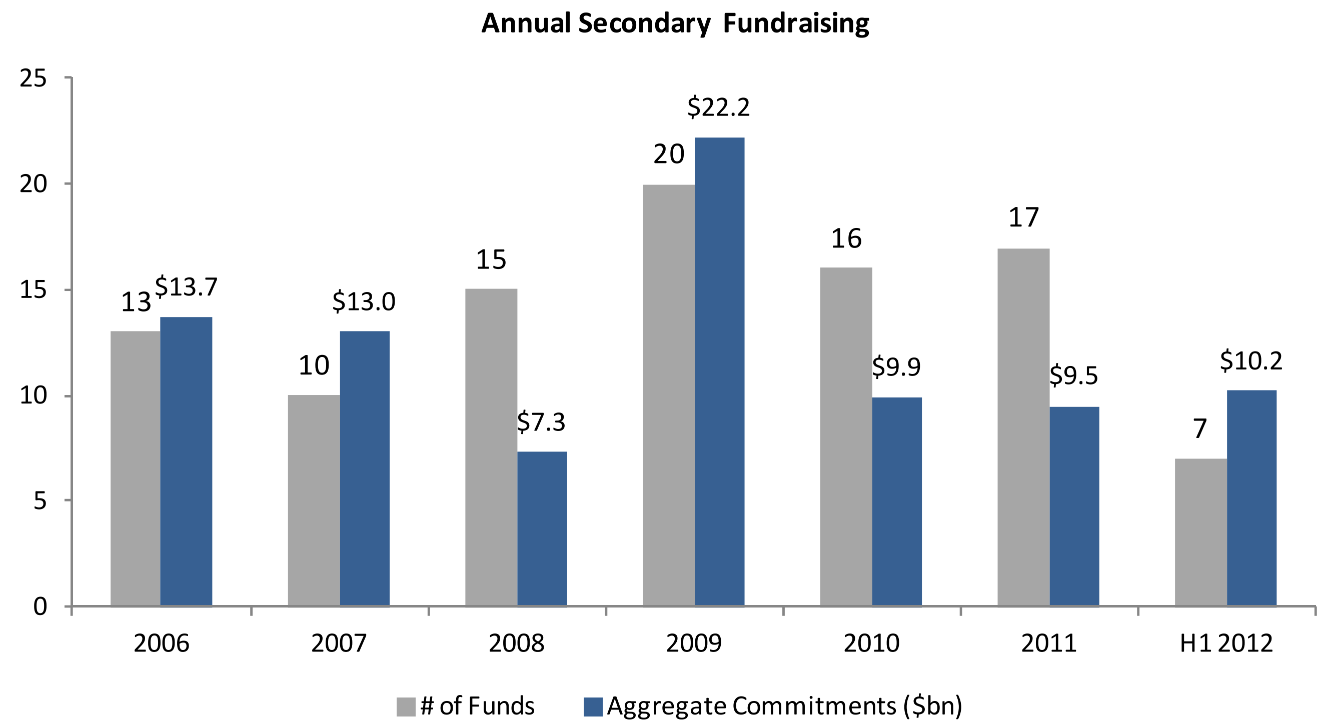
MARKET OVERVIEW (CONTINUED)

Figure 1



Source: S&P LCD's leveraged Buyout Review as at 30 June 2012

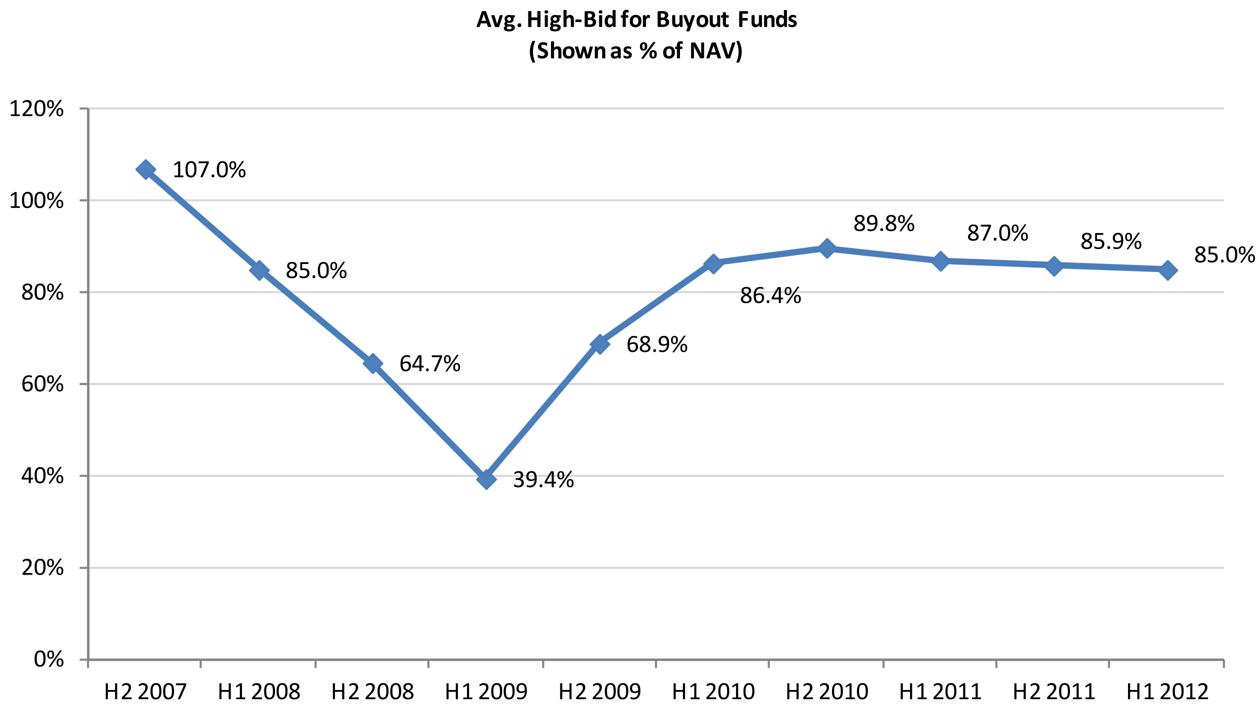
Figure 2



Source: Preqin as at 30 June 2012.

MARKET OVERVIEW (CONTINUED)

Figure 3



Source: Cogent Partners. Secondary Pricing Papers, as at July 2012.

Managers' Report (continued)

2012 INVESTMENT ACTIVITY

The Company remains extremely selective in deploying capital due to ongoing economic volatility and unrealistic seller expectations. During the past twelve months, JPEL acquired four new investments with an aggregate cost of $95.5 million. Although JPEL's investment pace continues to be measured, macro trends – such as regulatory changes in the financial industry, dissolving hedge fund and private equity fund structures, and broken shareholder bases in many private equity backed deals - have increased JPEL's deal flow.

US Investments

Over the course of the fiscal year, JPEL made one investment in a provider of identity theft protection services in the US. The identity theft protection market is a large and growing multi-billion dollar market opportunity. JPEL's investment was used by the company to help finance an acquisition that will facilitate vertical integration into the data field as well as improve the company's scale and profitability.

European Investments

In September 2011, JPEL completed an all-stock acquisition of a portfolio of 38 European mid-market buyout co-investments ("Co-Investment Portfolio"). The Co-Investment Portfolio was purchased from the SPL Funds for £56.5 million through the issuance of £36.7 million of US$ Equity Shares and £19.8 million of a new class of ZDP Shares due 2017. JPEL has already seen substantial distribution flow from the Co-Investment Portfolio. The largest distribution generated during fiscal year 2012 was from the sale of soap and baby products company, Baby Cadum, a large underlying portfolio investment within the Co-Investment Portfolio. Baby Cadum was realized at a value 40% greater than the previously reported NAV.

In November 2011, JPEL completed one primary investment in a leading international healthcare investment firm, specialising in direct secondary transactions of late-stage venture capital and growth equity assets.

In December 2011, JPEL completed a €2.5 million investment in a mezzanine loan that is supported by the leading multi-brand restaurant chain operator in Spain. JPEL's Managers are familiar with the underlying company and have existing exposure to the equity of the investment. JPEL's investment offers attractive returns of 22.5% PIK and is subject to 1.5x minimum return if refinanced early.

Other

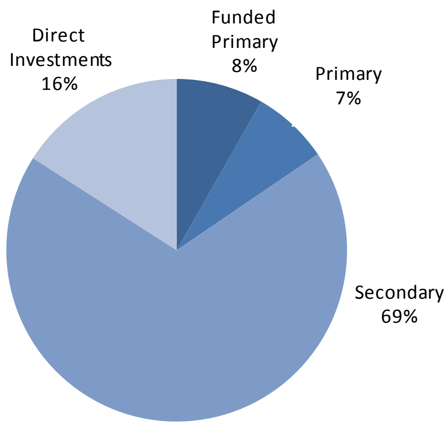
During the fiscal year, through several open market purchases, JPEL, together with another fund managed by the Managers, acquired approximately 22.6% of a listed private equity fund with exposure to five water related assets at a substantial discount to prevailing net asset value. The listed private equity fund has significant exposure to Asia. JPEL's strategy is to continue to acquire shares in the open market and work to extract value.

Managers' Report (continued)

PORTFOLIO REVIEW

Since the Company's inception on 30 June 2005, JPEL's portfolio has grown to include 109 separate fund interests, 11 co-investments and six funds of funds. With a private equity value of $627.5 million, JPEL's portfolio is diversified globally across multiple investment strategies and industries as at 30 June 2012.

Investment Type[1]

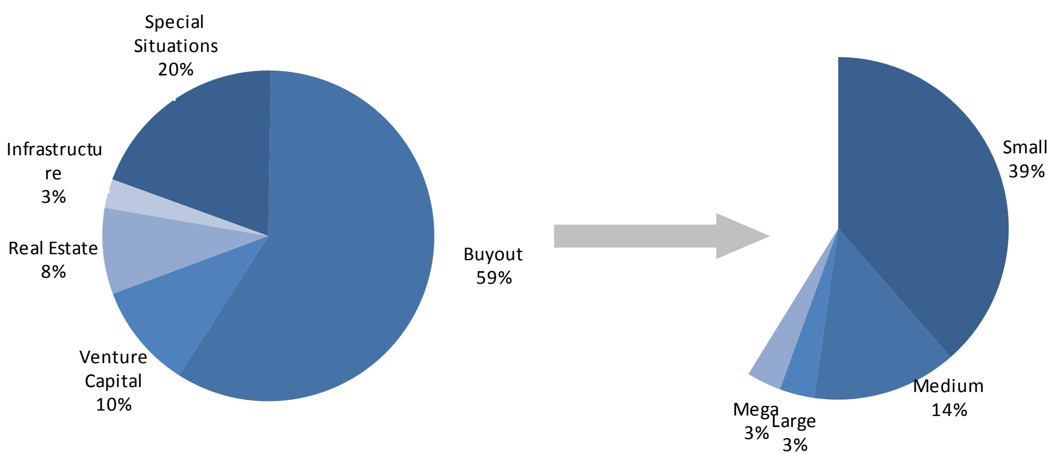


JPEL's portfolio is primarily composed of "highly funded assets" which include assets acquired in the secondary market and funded primary investments. In total these assets represent 77% of the portfolio. Funded primary investments are portfolios that are partially invested at the time of investment and tend to produce distributions and NAV growth more quickly since they are further along the private equity "J-Curve". JPEL will also make direct investments in private equity companies, which represent approximately 16% of the portfolio.

From time to time, JPEL may make a primary commitment to a fund, typically as part of a secondary transaction. As at 30 June 2012, primary investments made up 7% of JPEL's portfolio.

Investment Strategy[1]

Buyout Fund Sizes[2]



Currently, buyout funds constitute approximately 59% of JPEL's portfolio. Within this strategy, the majority of the Company's investments are with fund managers that focus on small to medium sized buyouts, which generally utilize less leverage.

JPEL maintains a 20% allocation to special situation funds which includes mezzanine, debt, turnaround and distressed funds. Infrastructure, real estate and venture capital funds represent 3%, 8% and 10% of private equity net asset value, respectively.

1 Based on 30 June 2012 market value of investments, percentages based on underlying fund-level values.

2 Fund classifications for buyout strategy are based on total fund commitments: Small: $0 - $500 million; Medium: $500 - $2,000 million; Large: $2,000 million - $5,000 million; Mega: over $5,000 million. Co-investments allocated by size of underlying sponsor fund.

Managers' Report (continued)

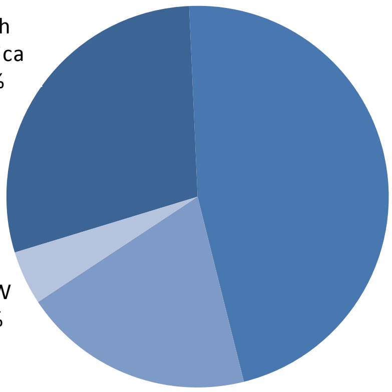
PORTFOLIO REVIEW (CONTINUED)

Portfolio Age[1]

Average Age of Portfolio by Investment Strategy	
Average age of investments:	5.5 years
▪ Buyout investments:	4.4 years
▪ Small buyout:	4.1 years
▪ Medium buyout:	4.7 years
▪ Large buyout:	3.8 years
▪ Mega buyouts:	6.1 years
▪ Venture Capital investments:	7.0 years
▪ Real Estate investments:	5.8 years
▪ Special Situations:	5.5 years
▪ Infrastructure investments:	6.0 years

When making investment decisions, JPEL seeks more mature assets that have good potential for near-term exits. With an average age of 5.5 years, JPEL's portfolio is well positioned on the private equity "J-Curve" to receive distributions once M&A and IPO markets normalize. As venture assets often take longer to develop, JPEL's venture capital investments have a more mature weighted average life of 7.0 years.

Geographic Footprint[2]



European Exposure

Country	% of NAV
United Kingdom	14.5%
Germany	12.5%
Spain	4.9%
France	3.5%
Sweden	2.6%
Italy	2.5%
Finland	1.3%
Denmark	1.1%
Switzerland	1.0%
Ireland	0.6%
Luxembourg	0.5%
Netherlands	0.5%
Poland	0.4%
Channel Islands	0.3%
Belgium	0.3%
Norway	0.2%
Total	**46.8%**

JPEL's private equity portfolio is diversified with investments in over 35 countries, helping to mitigate country and regional risk as well as to capitalise on the growth of expanding economies. Europe and North America represent the majority of the Company's portfolio at 47% and 29% respectively. JPEL's allocation to Asia stands at 20% while investments in the rest of the world represent 4% of the portfolio.

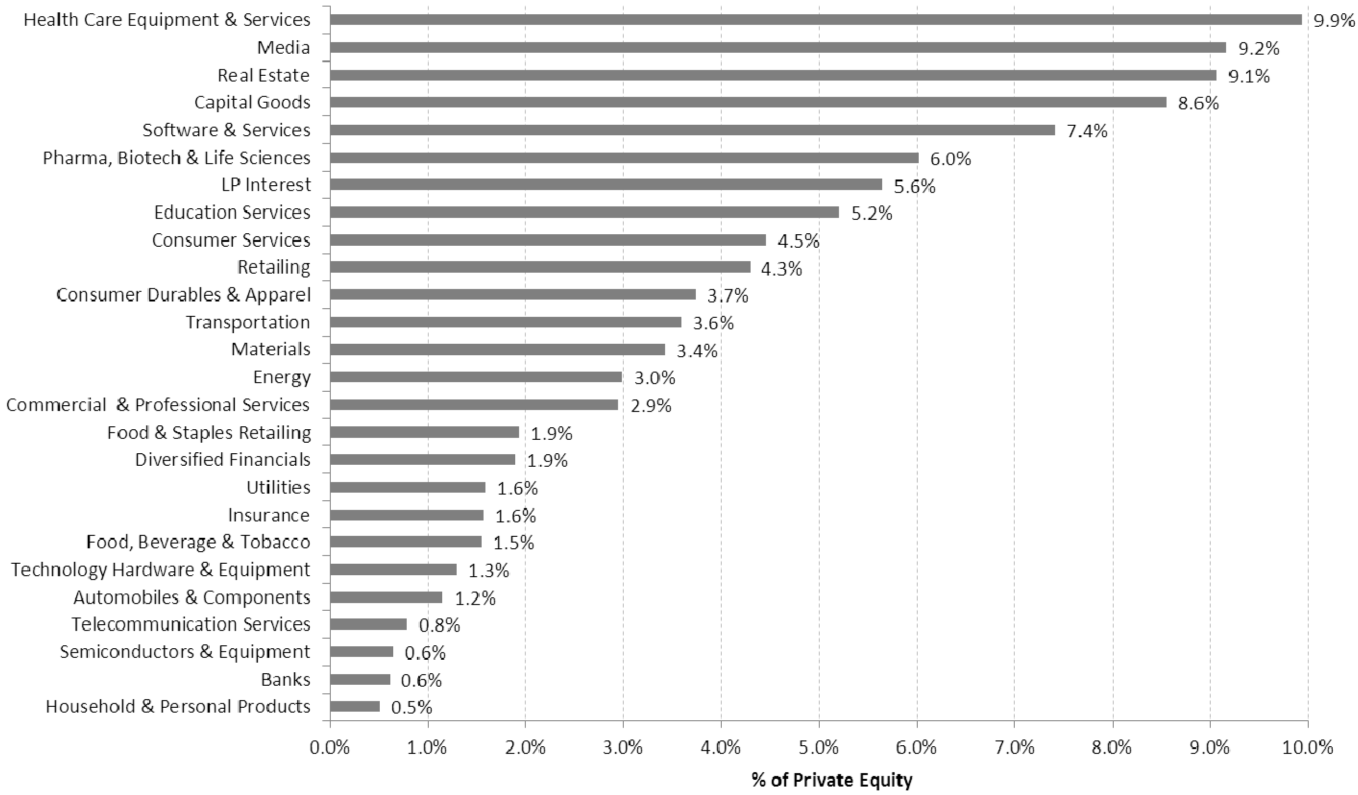
With the current uncertainty surrounding Europe, the Managers would like to provide greater visibility into the Company's European assets. Approximately 50% of the Company's exposure to Germany is a result of JPEL's investment in a highly diversified real estate portfolio of lower income housing. Spain comprises 4.9% of JPEL's private equity investments, of which approximately 50% is invested in a leading industrial flooring company. The Spanish flooring company is projected to derive more than 75% of 2012 revenue outside of Spain.

1 Based on 30 June 2012 market value of investments, percentages based on underlying company-level values. Average age of investments is based on the date in which each individual portfolio company investment was made, subject to availability. Weighting is based on underlying portfolio company level values. Age calculated at 30 June 2012. Average is weighted based on investments at market value as at 30 June 2012 percentages based on underlying company-level values.
2 Based on 30 June 2012 market value of investments, percentages based on underlying company-level values.

Managers' Report (continued)

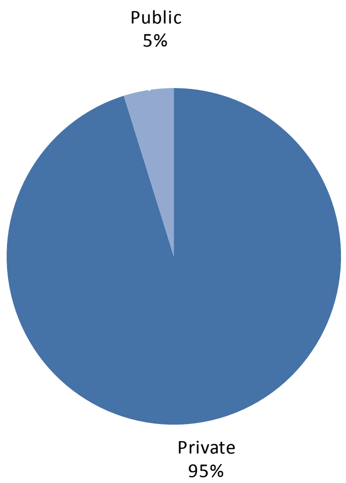
PORTFOLIO REVIEW (CONTINUED)

Industry Composition [1]



In addition to geographic diversification, the Managers diversify JPEL's portfolio by industry composition. The portfolio is weighted towards healthcare-oriented companies with approximately 17% of investment value in this sector.

Public Market Exposure [2]



JPEL's exposure to the public markets is primarily derived from investments in private companies that are subsequently taken public.

As at 30 June 2012, 5% of JPEL's private equity portfolio was held listed companies.

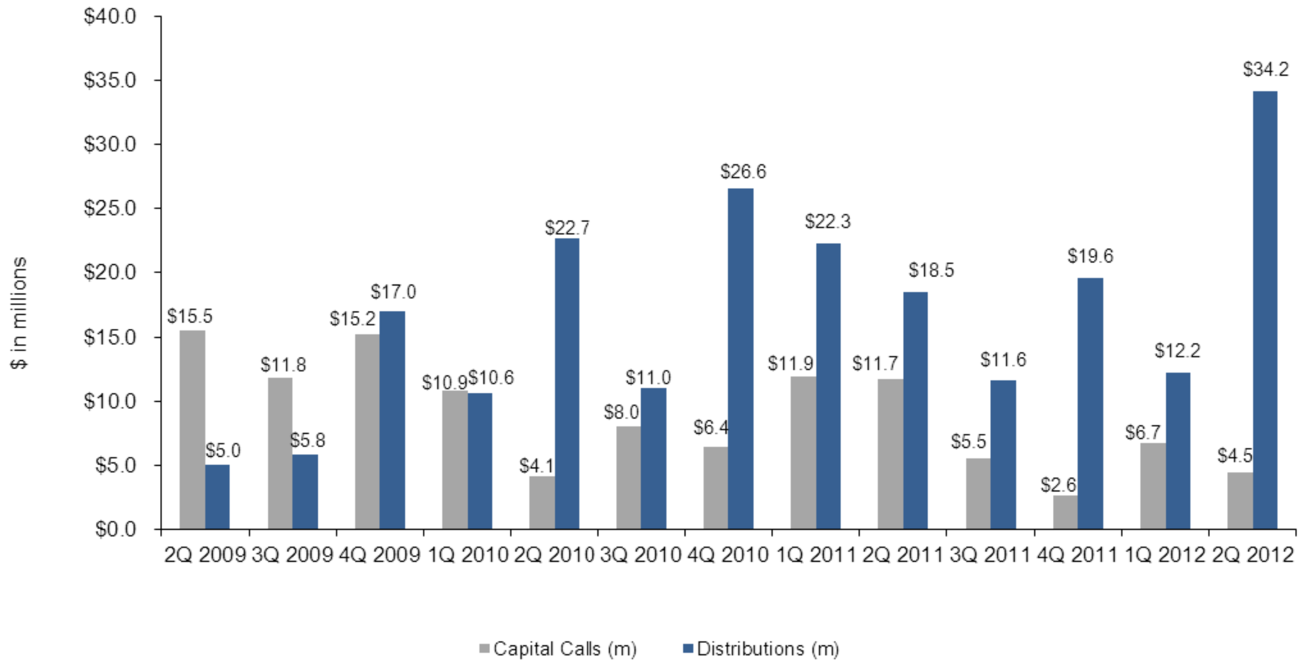
1 Based on 30 June 2012 market value of investments, percentages based on underlying company-level values.
2 Based on 30 June 2012 market value of investments, percentages based on underlying company-level values.

Managers' Report (continued)

CAPITAL CALLS AND DISTRIBUTIONS

JPEL invests with a goal of delivering consistent NAV growth and generating a high level of distributions.

Capital Call and Distribution Summary[1] (1 April 2009 – 30 June 2012)

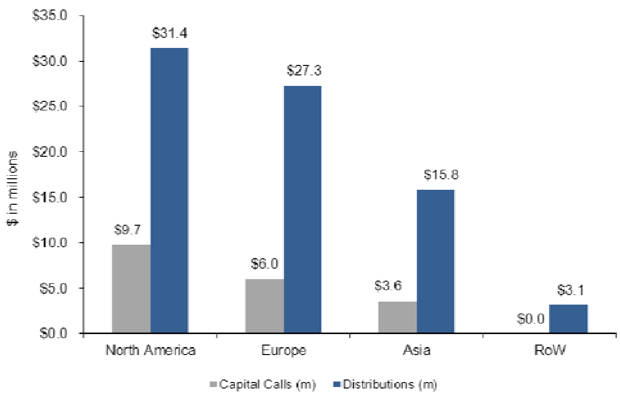


Distribution activity has increased substantially in recent quarters. The quarter ending 30 June 2012 produced record net distributions for the Company as JPEL received $34.2 million of distributions and $4.5 million of capital calls.

Cash Flow Breakout[1]

Cash Flows by Investment Strategy (12 months ending 30 June 2012)

Cash Flows by Geographic Region (12 months ending 30 June 2012)



In the past year the majority of JPEL's capital calls and distributions have been from the North America and Buyout sections of the portfolio.

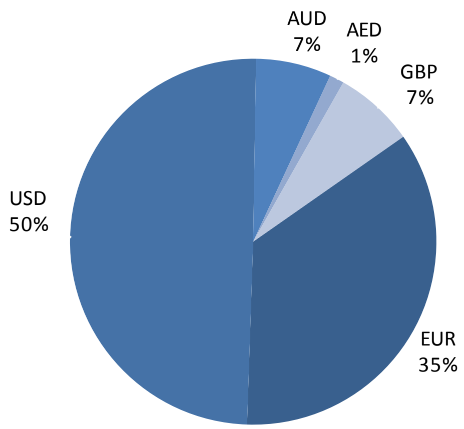
1 Based on 30 June 2012 market value of investments.

Managers' Report (continued)

CURRENCY EXPOSURE

The Managers continue to monitor JPEL's exposure to foreign currencies and take currency exposure into consideration when making investment decisions. The currency composition of JPEL's portfolio may change as the Company continues to pursue an investment policy focused on geographic diversification.

Currency Composition[1]



As at 30 June 2012, investments held in US Dollars made up approximately 50% of JPEL's private equity market value. Investments held in Euros comprised 35% of the private equity portfolio, while the Australian Dollar, Sterling, and UAE Dirham represented 7%, 7% and 1% of the portfolio, respectively.

1 Based on 30 June 2012 market value of investments, percentages based on underlying fund-level values. Please refer to page 53 of the financial statements for net currency exposure on the Group Level.

Managers' Report (continued)

TOP 20 FUNDS & COMPANIES INFORMATION

Top 20 Funds[1,2]

	Fund	Region	Fund Strategy	% of Private Equity Investments
1	Duke Street (Parallel Private Equity)	Europe	Buyout	4.8%
2	Alcentra Euro Mezzanine No1 Fund	Europe	Special Situations	3.0%
3	Life Sciences Holdings SPV I Fund	Europe	Venture Capital	3.0%
4	Liberty Partners II	North America	Buyout	2.9%
5	Avista Capital Partners (Offshore)	North America	Buyout	2.8%
6	Barclays (Parallel Private Equity)	Europe	Buyout	2.7%
7	Almack Mezzanine I Fund	Europe	Special Situations	2.1%
8	Guggenheim Aviation Offshore Investment Fund II	North America	Special Situations	1.9%
9	Hutton Collins Capital Partners II	Europe	Special Situations	1.8%
10	Catalyst Buyout Fund 1	Asia	Buyout	1.7%
11	Argan Capital Fund	Europe	Buyout	1.7%
12	Milestone Link Fund	Europe	Buyout	1.6%
13	Blue River Capital I	Asia	Buyout	1.5%
14	Omega Fund III	Europe	Venture Capital	1.4%
15	Beacon India Private Equity Fund	Asia	Buyout	1.4%
16	3i (Parallel Private Equity)	Europe	Buyout	1.4%
17	GSC European Mezzanine Fund II	Europe	Special Situations	1.4%
18	Leeds Equity Partners IV	North America	Buyout	1.3%
19	Macquarie Wholesale Co-investment Fund	Asia	Buyout	1.3%
20	AIG MezzVest II	Europe	Special Situations	1.3%

Top 20 Companies[1,2]

	Company	Country	Industry Group	% of Private Equity Investments
1	China Media Enterprises Limited	China	Media	7.2%
2	Deutsche Annington Immobilien Group	Germany	Real Estate	6.9%
3	RCR Industrial S.a.r.l.	Spain	Capital Goods	2.8%
4	FibroGen	Finland	Pharma, Biotech & Life	2.1%
5	Concorde Career Colleges, Inc.	USA	Education Services	1.9%
6	Gulf Healthcare International LLC	United Arab Emirates	Health Care	1.6%
7	Paratek	USA	Pharma, Biotech & Life	1.4%
8	WinnCare	France	Health Care	1.4%
9	2e2	United Kingdom	Software & Services	1.4%
10	Oasis	United Kingdom	Health Care	1.3%
11	Zena	Spain	Food & Staples Retailing	1.0%
12	Original Factory Shop	United Kingdom	Retailing	1.0%
13	Education Management Corporation	USA	Education Services	1.0%
14	LifeLock, Inc.	USA	Software & Services	1.0%
15	KMC Constructions Limited	India	Capital Goods	1.0%
16	Compre Group	United Kingdom	Insurance	1.0%
17	Back Bay (Guernsey) Limited	USA	Real Estate	0.9%
18	Civica	United Kingdom	Software & Services	0.9%
19	Bionmis	Germany	Pharma, Biotech & Life	0.8%
20	Ex Libris Group	Israel	Education Services	0.8%

1 Top 20 Funds and Top 20 Companies include underlying funds and companies indirectly owned through the purchase of secondary interest in Private Equity Access Fund II Ltd, Bear Stearns Global Turnaround Fund, L.P., BoS Mezzanine Partners Fund, L.P. (BoS company-level exposure includes estimated pro rated fund-level leverage), and Macquarie Private Capital Trust.

2 Percentages are calculated based on 30 June 2012 market value of investments as released on 10 August 2012.

Managers' Report (continued)

TOP 10 INVESTMENTS[1]

JPEL's ten largest investments are diversified across a broad range of managers and investment strategies. In total, these ten investments account for $240.2 million, or 38.3% of total private equity investment value, at 30 June 2012.

1. China Media Enterprises Limited[2]

Sponsor	Whale Capital	China Media Enterprises Limited is an outdoor advertising company located in Hong Kong and mainland China.
Geographic Focus	Asia	
Investment Type	Co-Investment	
Investment Strategy	Buyout	
Date of Investment	February 2010	
Current NAV	$44.9 million	
% of NAV	7.2%	

2. Deutsche Annington Immobilien Group

Sponsor	Terra Firma	Deutsche Annington Immobilien Group ("DAIG") is a German residential real estate company with approximately 230,000 leased and managed properties. DAIG is the largest German residential housing company.
Geographic Focus	Europe	
Investment Type	Secondary	
Investment Strategy	Real Estate	
Date of Investment	December 2008	
Current NAV	$43.6 million	
% of NAV	6.9%	

3. Duke Street (Parallel Private Equity)

Sponsor	Duke Street	Duke Street (Parallel Private Equity) is a 2007 and 2008 vintage year co-investment vehicle designed to invest alongside Duke Street Capital. The vehicle holds seven middle market buyout co-investments, primarily located in the United Kingdom.
Geographic Focus	Europe	
Investment Type	Secondary	
Investment Strategy	Buyout	
Date of Investment	September 2011	
Current NAV	$30.2 million	
% of NAV	4.8%	

4. Alcentra Euro Mezzanine No. 1 Fund, L.P.[3]

Sponsor	Alcentra	Alcentra Euro Mezzanine No. 1 Fund, L.P. targets mezzanine and mezzanine-related investments in privately–owned, cash generative business in Europe with enterprise values in excess of €75 million.
Geographic Focus	Europe	
Investment Type	Secondary	
Investment Strategy	Special Situations	
Date of Investment	May 2007	
Current NAV	$18.8 million	
% of NAV	3.0%	

5. Life Sciences Holdings SPV I Fund, L.P.

Sponsor	Omega Funds	Life Sciences Holding SPV I Funds, L.P. is a holding vehicle for an investment in a secondary portfolio of European life science companies.
Geographic Focus	Europe	
Investment Type	Secondary	
Investment Strategy	Venture Capital	
Date of Investment	June 2009	
Current NAV	$18.8 million	
% of NAV	3.0%	

1 Top 10 Investments include fund investments and direct investments by size. Also includes interests indirectly owned through the purchase of secondary interests.
2 Represents the net asset value of JPEL's investment in China Media Enterprises Limited, versus the gross asset value of $54.6 million shown on page 75 of the Financial Statements.
3 Alcentra Euro Mezzanine No. 1 Fund, L.P. is owned through JPEL's investment in BoS Mezzanine Partners Fund, LP.

Managers' Report (continued)

TOP 10 INVESTMENTS[1] (CONTINUED)

6. Liberty Partners II, L.P.

Sponsor	Liberty Partners	Liberty Partners II specializes in middle-market private equity investments in education, specialty manufacturing and business services companies.
Geographic Focus	North America	
Investment Type	Secondary	
Investment Strategy	Buyout	
Date of Investment	May 2008	
Current NAV	$18.0 million	
% of NAV	2.9%	

7. Avista Capital Partners (Offshore), L.P.

Sponsor	Avista Capital Partners	Avista Capital Partners makes controlling or influential minority investments in energy, healthcare, and media companies. The Fund aims to create value through consolidation, cost and management efficiency.
Geographic Focus	North America	
Investment Type	Funded Primary	
Investment Strategy	Buyout	
Date of Investment	June 2007	
Current NAV	$17.8 million	
% of NAV	2.8%	

8. RCR Industrial S.a.r.l.

Sponsor	Columna Capital	RCR Industrial S.a.r.l. is a global market leader for industrial flooring solutions. The Company is headquartered in Spain and operates in Europe, Latin America and Africa.
Geographic Focus	Europe	
Investment Type	Co-Investment	
Investment Strategy	Buyout	
Date of Investment	January 2011	
Current NAV	$17.6 million	
% of NAV	2.8%	

9. Barclays (Parallel Private Equity)

Sponsor	Barclays Private Equity	Barclays (Parallel Private Equity) is a 2007 and 2008 vintage year co-investment vehicle designed to invest alongside Barclays Private Equity. The vehicle holds 12 middle market buyout co-investments, primarily located in France, Switzerland and the United Kingdom.
Geographic Focus	Europe	
Investment Type	Secondary	
Investment Strategy	Buyout	
Date of Investment	September 2011	
Current NAV	$17.1 million	
% of NAV	2.7%	

10. Almack Mezzanine I Fund[2]

Sponsor	Babson Capital	Almack Mezzanine I LP ("Almack") invests in senior loans, mezzanine loans and buyout-related high-yield bonds, predominantly in Europe. Almack targets both large and mid-market mezzanine investments in the UK and Continental European markets.
Geographic Focus	Europe	
Investment Type	Secondary	
Investment Strategy	Special Situations	
Date of Investment	May 2007	
Current NAV	$13.4 million	
% of NAV	2.1%	

Bear Stearns Asset Management, Inc.
JPMorgan Asset Management (UK) Limited
JF International Management Inc.
22 October 2012

1 Top 10 Investments include fund investments and direct investments by size. Also includes interests indirectly owned through the purchase of secondary interests.
2 Almack Mezzanine I Fund is owned through JPEL's investment in BoS Mezzanine Partners Fund, LP.

Investment Policy

ASSET ALLOCATION

The majority of the Company Portfolio is allocated to buyout funds, and the balance to venture capital, real estate and multi-style funds.

- A buyout fund typically targets the acquisition of a significant portion or majority control of businesses which normally entails a change of ownership. Buyout funds ordinarily invest in more mature companies with established business plans to finance expansions, consolidations, turnarounds and sales, or spinouts of divisions or subsidiaries. A leveraged buyout, commonly referred to as a LBO, is a buyout that uses debt financing to fund a portion of the purchase price of the targeted business.

- Venture capital refers to private equity capital typically provided to early-stage, high-potential growth companies.

- A multi-style investment strategy refers to fund managers that make investments in companies in various stages of development. A multi-style manager may make investments in start-up enterprises, later-stage venture companies and established businesses – all within the same fund. These investments may involve control positions or may be minority, passive positions.

By investing in a portfolio of private equity funds, the Company is exposed to numerous underlying investments in individual companies, ranging from start-up ventures to large, multi-national enterprises. The Managers will endeavour to purchase private equity fund interests and co-investments in the secondary market to ensure that JPEL's portfolio contains investments that will be made and exited in different economic cycles.

The Company may invest capital not otherwise allocated to private equity into near cash and other investments. The Company, in the Managers' discretion, may invest in a wide variety of investments and other financial instruments.

The Company will not enter into derivative transactions (such as options, futures and contracts for difference) other than for the purposes of efficient portfolio management.

The Company will not take any legal or management control of any underlying company or fund in the Company Portfolio.

RISK DIVERSIFICATION

The Managers actively monitor the Company Portfolio and attempt to mitigate risk primarily through diversification. Not more than 20% of the Company's Net Asset Value, at the time of investment, is permitted to be invested in any single investment. For the avoidance of doubt, if the Company acquires a portfolio of companies in a single transaction, this limitation shall be applied individually to each of the underlying companies purchased and not to the portfolio as a whole.

LEVERAGE

The Company has the ability to borrow up to 30% of its Total Assets subject to and in accordance with the limitations and conditions in its Articles. As part of its leverage policy, the Company may borrow for short-term or temporary purposes as is necessary for settlement of transactions, to facilitate the operation of the over-commitment policy or to meet ongoing expenses. The Directors and the Managers will not incur any short-term borrowings to facilitate any tender or redemption of Shares unless such borrowings have a repayment period of 180 days or less. The Company is indirectly exposed to borrowings to the extent that subsidiaries and underlying funds in its portfolio are themselves leveraged.

Directors' Report

INTRODUCTION

The Directors present their annual report together with the audited consolidated financial statements of J.P. Morgan Private Equity Limited (the "Company") and its subsidiaries, together (the "Group") for the year ended 30 June 2012 (the "Financial Year"). The financial summary is set out on page 1. A detailed review of activities is contained in the Managers' Report on pages 12 to 23.

The Directors believe that Bear Stearns Asset Management Inc ("BSAM Inc"), JPMorgan Asset Management (UK) Limited ("JPMAM UK") and JF International Management Inc. ("JFIMI") (together the "Managers"), subsidiaries of JPMorgan Chase & Co have performed consistently since being appointed as the Managers of the Company.

PRINCIPAL ACTIVITY

The Company's primary activity is that of an investment company investing in private equity funds and subsidiaries.

GOING CONCERN

The Directors have examined significant areas of possible financial risk and have satisfied themselves that no material exposures exist. The Directors therefore consider that the Group has adequate resources to continue in operational existence for the foreseeable future and after due consideration believe it is appropriate to adopt the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE

Principles Statement

The Directors are committed to high standards of corporate governance and have made it the Company's policy to comply with best practice in this area, insofar as the Directors believe it is relevant and appropriate to the Company, and in compliance with the 'UK Corporate Governance Code' (i.e. the code of best practice published by the Financial Reporting Council (FRC), in respect of a financial year beginning on or after 29 June 2011). The complete UK Corporate Governance Code can be viewed on the Financial Reporting Council website at http://www.frc.org.uk.

The Company is a member of the Association of Investment Companies. The Directors have considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance ("AIC Code") by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Directors consider reporting against principles and recommendations of the AIC Code, by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the provisions of the AIC Code and the Governance Code, except for the Governance Code provisions relating to:

- the role of the chief executive;
- the appointment of a Senior Independent Director;
- executive directors' remuneration;
- the need for an internal audit function; and
- meeting with major shareholders to discuss governance and strategy

For the reasons set out in the AIC Guide, and in the preamble to the Governance Code, the Board considers these provisions not to be relevant to the position of the Company, it being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Directors resolved to adopt the Code of Corporate Governance which was issued by the Guernsey Financial Services Commission in September 2011 (the 'Guernsey Code'). The Guernsey Code provides a set of principles and guidance on the components of good corporate practice which the Directors consider relevant to the legal and operating structure of the Company.

Directors' Report (continued)

Role of the Board
The Board has determined that its role is to consider and determine the following principal matters which it considers are of strategic importance to the Company:

- review the overall objectives for the Company as described in the prospectus dated 16 August 2011 and set the Company's strategy for fulfilling those objectives within an appropriate risk framework;
- consider any shifts in strategy that it considers may be appropriate in light of market conditions;
- review the capital structure of the Company including consideration of an appropriate use of gearing both for the Company and in any joint ventures in which the Company may invest in from time to time;
- evaluate its own performance and that of the individual Directors;
- appoint the Managers, Administrator and other appropriately skilled service providers and monitor their effectiveness through regular reports and meetings; and
- review key elements of the Company's performance including NAV and payment of dividends.

From 1st January 2011 Mr. Ash is entitled to receive Directors fees of £40,000 per annum, Mr. Loudon and Mr. Spencer are each entitled to receive Directors fees of £30,000 per annum. Mr. Getschow waived his right to Directors Fees.

Board Decisions
At its Board meetings, the Board ensures that all the strategic matters listed under 'Role of the Board' are considered and resolved by the Board. While issues associated with implementing the Company's strategy are generally considered by the Board to be non strategic in nature and are delegated either to the Managers or the Administrator, the Board considers that there are implementation matters that are significant enough to be of strategic importance to the Company and should be reserved to the Board (e.g. investments made by the Company).

Directors, Rotation of Directors and Directors Tenure
The Directors listed below were all appointed on 28 April 2005 except where detailed below:

Trevor Charles Ash
John Loudon
Christopher Paul Spencer
Gregory Getschow (appointed 11 June 2009)

The UK Corporate Governance Code recommends that Directors should be appointed for a specified period. Mr Getschow will be put forward for re-election as a non-independent, non-executive Director of the Company on an annual basis and the other directors on a three year basis. No Director has a service contract with the Company.

Directors Interests
Mr. Gregory Getschow is a senior executive of Bear Stearns Asset Management Inc., one of the Managers to the Group and a subsidiary of JPMorgan Chase & Co. Other than Christopher Spencer who, as at 30 June 2012, owns 30,067 US$ Equity Shares, no other Director holds directly or indirectly shares in the Company.

Audit Committee
The Board as a whole fulfils the function of an audit committee in relation to, amongst other things, monitoring the internal controls and risk management systems of the Company and its service providers, reviewing the financial statements of the Company, monitoring the independence of the external auditor and the effectiveness of the audit process and reviewing the findings of the external auditor. The Board considers that, given its size and the size of the Company, it would not be appropriate to establish a separate audit committee.

Directors' Report (continued)

Remuneration Committee

The Board as a whole fulfils the function of a remuneration committee in relation to the setting and periodic review of the fees of the Directors and the Chairman, taking into account, amongst other factors, prevailing market conditions and the need to attract to the Board, and retain thereafter, suitable persons. The Board considers that, given its size and the size of the Company, it would not be appropriate to establish a separate remuneration committee.

Nomination Committee

The Board as a whole fulfils the function of a nomination committee. The Board considers that, given its size and the size of the Company, it would not be appropriate to establish a separate nomination committee.

Management Engagement Committee

The Board as a whole fulfils the function of a management engagement committee. The Board considers that, given its size and the size of the Company, it would not be appropriate to establish a separate management engagement committee.

Board Meetings

The Board meets quarterly and as required from time to time to consider specific issues reserved to the Board. At the quarterly meetings it considers papers circulated seven days in advance including reports provided by the Managers and the Administrator. The Managers' report comments on:

- The investment market including recommendations for any changes in strategy that the Managers consider may be appropriate;
- Performance of the Company's portfolio and key asset management initiatives;
- Transactional activity undertaken over the previous quarter and being contemplated for the future; and
- The Company's financial position including its relationship with its bankers and lenders.

The Administrator provides a compliance report at each quarterly meeting.

These reports enable the Board to assess the success with which the Company's investment strategy and other associated matters are being implemented and also to consider any relevant risks and how they should properly be managed.

The below table shows the attendance at Board meetings during the year to 30 June 2012.

Director Name	Quarterly Board Meetings Attended
Trevor Charles Ash	3
John Loudon	0
Christopher Paul Spencer	3
Gregory Getschow	3
No. of meetings during the year	3

In between its regular quarterly meetings, the Board has also met on a number of occasions during the year to approve specific corporate actions such as approve the issuance of additional shares. It has not always been possible for all Directors to attend these meetings. (Note – The Company maintains liability insurance for its Directors and Officers although the Company has no employees and none of its Directors are executive.)

Internal Controls

The Directors have reviewed the effectiveness of the Company's system of internal financial and operating controls during the fiscal year and found they were operating as expected.

The Board considers risk management and internal financial and operating controls on a regular basis during the year although such a system can only provide reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate risk of failure.

The key elements designed to provide effective internal financial and operating controls are as follows:

- Financial reporting – A regular review of relevant financial data including NAV calculations and performance projections.
- Management and Administration Agreements – Contractual documentation with appropriately regulated entities which clearly describes responsibilities for the two principal service providers.
- Management Systems – The Managers' system of internal controls is based on clear written processes, a formal investment committee and clear lines of responsibility and reporting, all of which are monitored by the Managers' internal risk team.
- Investment Strategy – The Company's strategy is authorised and monitored on a regular basis by the Board.

During the Financial year, investment management services were provided to the Company by JP Morgan Asset Management (UK) Limited and Bear Stearns Asset Management Inc. Subsequent to the year, on 8 August 2012, the Company entered into an amended and restated management agreement. Under the new agreement dated 8 August 2012 the Group agreed that henceforth it be provided with investment management services by JF International Management Inc. ("JFIMI"), in addition to Bear Stearns Asset Management Inc. and JPMorgan Asset Management (UK) Limited. Administration and company secretarial services were provided by HSBC Management (Guernsey) Limited ("HMG") during the Financial year and up to 8 August, 2012. The Company's system of internal control therefore is substantially reliant on the Managers' and HMG's internal controls and their internal audit.

Subsequent to the Financial year end, Augentius (Guernsey) Limited has been appointed as administrator and company secretary, effective 8 August, 2012, to the Company, replacing HMG. Consideration was given to the internal controls of the Administrator prior to appointment and will be assessed on an ongoing basis.

Principal risks and uncertainties

The Group, the Group's investments and the underlying portfolio companies are materially affected by a variety of risks and uncertainties in the global financial markets and economic conditions throughout the world. These risks and uncertainties include, but are not limited to, interest rates, currency, investment prices, credit, liquidity, investment managers, valuations, political, and regulatory. These factors are outside the Group's control and may affect the level and volatility of securities prices, the amount of distributions received, the liquidity and value of investments in the portfolio. The Group may be unable to mitigate its exposure to these conditions as efforts to manage its exposure may or may not be effective. Please refer to note three of the audited financial statements for a more detailed discussion of the above principal risks and uncertainties.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's operations either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

Directors' Report (continued)

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- contingency plans
- ethical and business standards
- risk mitigation, including insurance where this is effective.

The Directors' assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risks is carried out via regular discussions with the service providers and a review of the service providers' SSAE 16 (formerly SAS 70) reports on internal controls, where available.

Managers

Subsequent to the period, on 8 August 2012, the Company entered into an amended and restated management agreement. Under the new agreement dated 8 August 2012 the Company agreed that henceforth it be provided with investment management services by JF International Management Inc. , in addition to Bear Stearns Asset Management Inc. and JPMorgan Asset Management (UK) Limited,

The Managers' key responsibilities include proposing an investment strategy to the Board and, within certain authority limits, selecting investments for acquisition and disposal and arranging appropriate lending facilities. The Managers are also responsible for all issues pertaining to asset management.

In light of the performance of the Company since incorporation it is the view of the independent Directors that it is in the best interests of the Shareholders to continue with the current appointment of the Managers under the terms agreed.

In conjunction with the Company's acquisition of Macquarie Private Capital Group ('MPCG'), Macquarie Investment Management Limited ('MIML') was retained as an advisor and sub-administrator by BSPEL Australia Limited. Pursuant to the management agreement between BSPEL Australia Limited and MIML, BSAM Inc. has assumed day-to-day control over the portfolio.

Secretary

HSBC Management (Guernsey) Limited held the office of Company Secretary throughout the Financial year. Subsequent to the period, from 8 August, 2012, Augentius (Guernsey) Limited has been appointed as administrator and secretary to the Company, replacing HMG. From August 8, 2012, the registered office of the Company is Carinthia House, 9-12 The Grange, St Peter Port, Guernsey, GY1 4BF.

Dividends

The Directors do not propose the payment of a dividend.

Independent Auditors

PricewaterhouseCoopers CI LLP were appointed as Independent auditors during the year. A resolution to reappoint PricewaterhouseCoopers CI LLP as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

Directors' Report (continued)

Shareholder Relations

Shareholder communications are a high priority for the Board. The Managers produce a monthly fact sheet which is distributed to shareholders and released to the London Stock Exchange. Members of the Managers' Investment Committee make themselves available at all reasonable times to meet with principal shareholders and key sector analysts. Feedback from these sessions is provided by the Managers to quarterly Board meetings.

In addition, the Board is also kept fully appraised of all market commentary on the Company by the Managers and other professional advisers including the Company's brokers. Through this process the Board seeks to monitor the views of shareholders and to ensure that the Company's communication program is effective.

The Chairman and the Managers will be available during each Annual General Meeting to answer any questions that attending shareholders may have.

Substantial Interests

Disclosure and Transparency Rules are comprised in the Financial Services Authority Handbook. Such rules require substantial shareholders to make relevant holding notifications to the Company and the UK Financial Services Authority. The Company must then disseminate this information to the wider market.

Results of Annual General Meeting (AGM) of 5 September 2012

The Company convened an AGM on 5 September 2012 to vote on a series of special, ordinary and extraordinary resolutions which were approved by the shareholders. A full list of these resolutions can be seen on pages 10-11 in the corporate actions report.

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report, Annual Report and Financial Statements in accordance with the applicable laws and regulations.

Guernsey company law requires the Directors to prepare financials statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) and applicable law.

The consolidated financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Directors' Report (continued)

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

We also confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole as required by Disclosure and Transparency Rules ("DTR") 4.1.12R; and
- the Chairman's Statement, Corporate Actions and Managers' Report (together referred to as the "Management Report") includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face as required by DTR 4.1.12R.

By order of the Board

Trevor Ash
Director
Date: 22 October 2012

Chris Spencer
Director

Independent Auditors’ Report

INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF J.P. MORGAN PRIVATE EQUITY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements (the “financial statements”) of J.P. Morgan Private Equity Limited which comprise the consolidated statement of financial position as of 30 June 2012 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS’ RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Guernsey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 30 June 2012, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Financial Summary, Historical Performance, Overview and Strategy, Chairman’s Statement, Corporate Actions, Managers’ Report, Investment Policy and Directors’ Report.

In our opinion the information given in the Directors’ Report is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company’s members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report (continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters which we are required to review under the Listing Rules:

- the directors' statement set out on page 25 in relation to going concern and;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

John Patrick Roche
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
22 October 2012

The maintenance and integrity of the J.P. Morgan Private Equity Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2012

	Notes	30 June 2012 $'000	30 June 2011 $'000
Income			
Interest and distribution income	4	17,400	20,427
Net (losses)/gains on investments	10	(91,300)	45,009
Realised foreign currency gain/(loss) on forward contracts		2,639	(10,662)
Total net (loss)/income		**(71,261)**	**54,774**
Expenses			
Investment management fee	18	(7,931)	(8,069)
Administrative fee	18	(1,087)	(459)
Audit fee		(185)	(241)
Directors' fees	20	(183)	(141)
Performance fee	18	-	(2,732)
Other expenses	6	(4,067)	(5,226)
Total Expenses		**(13,453)**	**(16,868)**
Net (loss)/profit before finance costs		**(84,714)**	**37,906**
Finance costs			
Loan interest payable	5	(3,796)	(10,904)
ZDP interest payable	15	(12,194)	(9,683)
Unrealised foreign currency gain/(loss)	7	8,913	(5,784)
(Loss)/profit before tax		**(91,791)**	**11,535**
Tax expense	1	(2)	(3)
(Loss)/profit for the year		**(91,793)**	**11,532**
Other comprehensive income			
Movement in currency translation reserve		890	16,308
Total comprehensive (loss)/income for the year:		**(90,903)**	**27,840**
(Loss)/profit attributable to:			
Owners of the Company		(85,198)	7,937
Non-controlling interests		(6,595)	3,595
		(91,793)	**11,532**
Total comprehensive (loss)/income attributable to:			
Owners of the Company		3,363	16,992
Non-controlling interests		(2,473)	(684)
		(90,903)	**27,840**
Earnings per share			
Basic and diluted (losses)/earnings per share	19	$(0.22)	$0.02

All items in the above statement are derived from continuing operations.

The notes on pages 39 to 77 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
as at 30 June 2012

	Notes	30 June 2012 $'000	30 June 2011 $'000
Non-current assets			
Financial assets at fair value through profit or loss	11	670,841	760,823
Current assets			
Cash and cash equivalents	3	35,247	38,843
Receivables	8	1,723	4,617
Derivative financial assets	13	-	311
		36,970	43,771
Current liabilities			
Loan balances	14	-	(32,166)
Payables and accruals	9	(8,410)	(17,266)
Derivative financial liabilities	13	(998)	(1,939)
Zero dividend preference shares	15	(67,503)	-
Net current liabilities		(39,941)	(7,600)
Non-current liabilities			
Payables and accruals	9	(400)	-
Loan balances	14	(82,165)	(121,571)
Zero dividend preference shares	15	(101,878)	(130,628)
		(184,444)	(252,199)
Net Assets		446,457	501,024
Represented by:			
Share capital	16	488,872	451,594
Reserves	16	(52,778)	29,057
Total equity attributable to equity holders of the Company		436,094	480,651
Non-controlling interests		10,363	20,373
Total equity		446,457	501,024
NAV per Equity share	22	$1.13	$1.36

The consolidated financial statements on pages 34 to 77 are approved by the Board of Directors on 22 October 2012 and were signed on its behalf by:

Trevor Ash
Director

Chris Spencer
Director

The notes on pages 39 to 77 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2012

	Share Capital $'000	Other Reserves $'000	Currency Translation Reserve $'000	Total $'000	Non-controlling interests $'000	Total $'000
At 1 July 2011	451,594	(16,580)	45,637	480,651	20,373	501,024
Loss for the year (Note 16)	-	(85,198)	-	(85,198)	(6,595)	(91,793)
Other comprehensive income for the year	-	-	3,363	3,363	(2,473)	890
Total comprehensive income for the year	**-**	**(85,198)**	**3,363**	**(81,835)**	**(9,068)**	**(90,903)**
Share buy backs (Note 16)	(9,061)	-	-	(9,061)	-	(9,061)
Share issue	59,934	-	-	59,934	-	59,934
Tender offer (Note 16)	(13,597)	-	-	(13,597)	-	(13,597)
Shares issued on warrant conversion (Note 17)	2	-	-	2	-	2
Non-controlling interest redemption	-	-	-	-	(942)	(942)
Total transactions with owners of the Company for the year ended 30 June 2012	**37,278**	**-**	**-**	**37,278**	**(942)**	**36,336**
At 30 June 2012	**488,872**	**(101,778)**	**49,000**	**436,094**	**10,363**	**446,457**

The notes on pages 39 to 77 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2011

	Share Capital $'000	Other Reserves $'000	Currency Translation Reserve $'000	Total $'000	Non-controlling interests $'000	Total $'000
At 1 July 2010	465,883	(24,517)	28,645	470,011	16,490	486,501
Profit for the year (Note 16)	-	7,937	-	7,937	3,595	11,532
Other comprehensive income for the year	-	-	16,992	16,992	(684)	16,308
Total comprehensive income for the year	-	7,937	16,992	24,929	2,911	27,840
Share buy backs (Note 16)	(14,348)	-	-	(14,348)	-	(14,348)
Shares issued on warrant conversion (Note 17)	59	-	-	59	-	59
Additional capital contribution in subsidiary by non-controlling interests	-	-	-	-	972	972
Total transactions with owners of the Company for the year ended 30 June 2011	(14,289)	-	-	(14,289)	972	(13,317)
At 30 June 2011	451,594	(16,580)	45,637	480,651	20,373	501,024

The notes on pages 39 to 77 form an integral part of these consolidated financial statements.

Consolidated Statement of Cashflows

for the year ended 30 June 2012

	Notes	2012 $'000	2011 $'000
Operating activities			
(Loss)/profit for the year		(91,793)	11,532
Adjustments for:			
Interest income	4	(46)	(155)
Distributions from investments	4	(17,354)	(20,272)
Interest expense	5,15	15,990	20,587
Net derivative (gains)/losses	10	(1,260)	16,804
Net losses/(gains) on investments	10	92,560	(61,813)
Unrealised foreign currency (gain)/loss		(8,913)	5,784
Operating cash flows before changes in working capital		(10,816)	(27,533)
Decrease/(increase) in receivables		1,479	(117)
(Decrease)/increase in payables		(97)	3,725
Net cash movement in derivative contracts		-	(2,524)
Cash used in operations		(9,434)	(26,449)
Investing activities			
Purchase of investments		(37,394)	(108,993)
Net proceeds from sale of non-current financials assets		117,546	84,788
Interest received	4	46	155
Other income distributions from investments	4	17,354	20,272
Cash from/(used in) investing activities		97,552	(3,778)
Financing activities			
Proceeds on issue of equity shares	16	2	59
Equity shares buy back	16	(22,658)	(14,348)
Loans received		71,030	80,459
Loans paid		(129,538)	(101,015)
Interest paid		(5,257)	(8,335)
Loan arrangement fee paid		(1,200)	(600)
Additional capital contribution in subsidiary by non-controlling interests		-	972
Non-controlling interest redemption		(942)	-
Drawdown on investors		-	164
Buyback of Zero Dividend Preference shares		(1,652)	(825)
Cash used in financing activities		(90,216)	(43,469)
Net decrease in cash and cash equivalents		(2,098)	(73,696)
Cash and cash equivalents at beginning of year		38,843	110,341
Effects of exchange difference arising from cash and cash equivalents		(1,498)	2,198
Cash and cash equivalents at end of the year		35,247	38,843

The notes on pages 39 to 77 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2012

1. SIGNIFICANT ACCOUNTING POLICIES

J.P. Morgan Private Equity Limited (the "Company") is a closed ended investment fund incorporated as a limited liability company in Guernsey under The Companies (Guernsey) Law, 2008. As at 30 June 2012, the Company's capital structure consisted of four classes of shares, US$ Equity Shares and three series of Zero Dividend Preference shares, all of which are listed on the London Stock Exchange.

The primary objective of the Company and its subsidiaries (together the "Group") is to achieve capital growth, with income as secondary objective, from a diversified portfolio consisting predominantly of private equity limited partnership interests. The Group may also invest directly in private equity investments.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued and adopted by the International Accounting Standards Board (the "IASB") and interpretations issued by the International Financial Reporting Interpretations Committee. They give a true and fair view and are in compliance with applicable legal and regulatory requirements of The Companies (Guernsey) Law, 2008 and the Listing Rules of the UK Listing Authority.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations in issue are not yet effective for the year ended 30 June 2012, and have not been applied in preparing these financial statements. The Directors are considering the potential effect of the implementation of the new standards. There have been no new standards that have been adopted by the Group during the year with any significant impact on these financial statements.

IFRS 9: Financial Instruments (effective for accounting periods beginning on or after 1 January 2015).

IFRS 9 deals with classification and measurement of financial assets and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value.

The standard eliminates the existing IAS 39 categories of *held to maturity*, *available for sale and loans and receivables*. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss. However, dividends on such investments are recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

The standard is not applicable until 1 January 2015 but is available for early adoption.

The Directors of the Group are currently in the process of evaluating the potential effect of this standard.

1. SIGNIFICANT ACCOUNTING POLICIES continued

IFRS 10: Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)

IFRS 10 establishes a new control model that applies to all entities. It replaces part of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation- Special Purpose Entities.

This standard is not applicable until 1 January 2013 but is available for early adoption.

The Group has not yet decided when to adopt IFRS 10. The Directors of the Group are currently in the process of evaluating the potential effect of this standard.

IFRS 11: Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)

IFRS 11 outlines the accounting by entities that jointly control an arrangement. Joint control involves the contractual agreed sharing of control and arrangements subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly).

This standard is not applicable until 1 January 2013 but is available for early adoption.

The Group has not yet decided when to adopt IFRS 11. The Directors of the Group are currently in the process of evaluating the potential effect of this standard.

IFRS 12: Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)

IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

This standard is not applicable until 1 January 2013 but is available for early adoption.

The Group has not yet decided when to adopt IFRS 12, but does not expect this to have a significant effect on the Group's financial statements.

IFRS 13: Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)

IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.

IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

This standard is not applicable until 1 January 2013 but is available for early adoption.

The Group has not yet decided when to adopt IFRS 13, but does not expect this to have a significant effect on the Group's financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES continued

IAS 1 (revised): Presentation of Financial Statements on other comprehensive income (effective for annual periods beginning on or after 1 July 2012)

IAS 1 allows a choice of presenting all items of income and expense recognised in a period either (a) in a single statement of comprehensive income, or (b) in two statements comprising (i) a separate income statement, which displays components of profit or loss, and (ii) a statement of comprehensive income, which begins with profit or loss and displays components of other comprehensive income. The Group has elected to use the single statement approach.

This standard is not applicable until 1 July 2012 but is available for early adoption.

Basis of preparation

The Group has not yet decided when to adopt IAS 1 (revised), but does not expect this to have a significant effect on the Group's financial statements.

These consolidated financial statements have been prepared in US Dollars on the historical cost basis except for investments and derivative financial instruments that are measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. Other financial assets and financial liabilities including receivables, payables, accruals, loans and zero dividend preference shares are stated at amortised cost.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described below in *key estimates and assumptions*.

Going concern

The Directors have examined significant areas of possible financial risk and have satisfied themselves that no material exposures exist. The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and after due consideration believe it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are consistent with the policies adopted by the Group. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Associates

Associates are entities in which the entity has significant influence but no control over the financial and operating policies. Interests in associates are carried in the statement of financial position at fair value. This treatment is permitted by IAS 28 Investments in Associates, which requires associates interests held by funds to be excluded from its scope where those investments are designated upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39 – Financial Instruments: Recognition and Measurement, with changes in fair value recognised in profit or loss in the period of the change.

Non-controlling interests

Non-controlling interests represent the fair value of the equity in subsidiaries not attributable, directly or indirectly, to the Group.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position and statement of comprehensive income when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

i) **Financial assets**

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics. All financial assets are initially recognised at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. All purchases of financial assets are recorded at trade date, being the date on which the Group became party to the contractual requirement of the financial asset. The Group's financial assets comprise of assets designated as financial assets at fair value through profit or loss and loans and receivables. Unless otherwise indicated the carrying amounts of the Group's financial assets approximate to their fair values.

a) *Financial assets at fair value through profit or loss*

The Group manages its investments with a view to profiting from the receipt of dividends and changes in fair value of equity investments. Therefore, all quoted investments and unquoted equity investments are designated as at fair value through profit or loss and subsequently carried in the consolidated statement of financial position at fair value. Equity investments at fair value through profit and loss are initially recognised at acquisition cost and related transaction costs are recognised immediately in the consolidated statement of comprehensive income within other expenses.

Investments in funds are recorded at the fair value of the Group's percentage holding as reported by the general partners of these funds per the capital statement. The underlying investments held by the funds are measured at fair value, which is based on the General Partners' estimate. In estimating the fair value of underlying investments the objective of the General Partners is to replicate the assumptions and estimates that parties in an arm's length transaction would make. In arriving at the estimated value of underlying investments, the General Partners consider market multiples, net assets, industry benchmarks, prices of recent transactions, negotiated sales prices, projected operational and financial results of the company and discounted cash flow valuations. The Group believes that this value, in most cases, represents fair value as of the relevant statement date, although, if other factors lead the Group to conclude that fair value provided by the general partner does not represent actual fair value, the Directors and Managers will adjust the value of the investment from the general partner's estimate.

The valuation policies used by many of the private equity general partners and sponsors in undertaking such valuations are generally in line with the recommendations of either the International Private Equity and Venture Capital Valuation Guidelines (IPEVCG) or standard industry practice. Changes in fair value are recognised in the consolidated statement of comprehensive income under "net (losses)/gains on investments".

Investments made by the Group are generally considered to be long term investments and are not intended to be disposed of on a short term basis. Accordingly, while the valuation at the year end represents the Directors' best estimate of the realisable amount at the year end they do not necessarily represent the amounts which may eventually be realised from sales or other disposals of investments. The key estimates and assumptions used to arrive at the valuation of unlisted investments are stated on pages 47 to 48.

The disclosure requirements in IFRS 7 establish a hierarchal disclosure framework, which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and characteristics specific to the investment. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

i) **Financial assets** continued

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments that would generally be included in Level I include listed equities and listed or highly liquid derivatives. The Group, to the extent it holds such investments, does not adjust the quoted price for these investments, even in situations where the Group holds a large position and a sale could reasonably impact the quoted price.

- Level II – Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The types of investments that would generally be included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

- Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The types of investments that would generally be included in this category include equity and/or debt securities issued by private entities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a Portfolio Fund's level within the above hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the Portfolio Fund.

b) *Loans and receivables*
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They principally comprise trade and other receivables. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

c) *Derivative financial instruments*
Derivatives are initially recognised at fair value on the date that a derivative contract is entered into and are subsequently re-measured at their fair value.

The Groups' derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognised immediately in the consolidated statement of comprehensive income within 'net (losses)/gains on investments'.

The Groups' derivative financial instruments comprise of foreign exchange forward contracts. The fair value of these instruments is based on their quoted price. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

d) *De-recognition of financial assets*
A financial asset (in whole or in part) is derecognised either:

- When the Group has transferred substantially all the risk and rewards of ownership; or
- When it has neither transferred nor retained substantially all the risk and rewards and when it no longer has control over the asset or a portion of the asset; or
- When the contractual right to receive cash flow has expired.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

i) **Financial assets** continued

d) *De-recognition of financial assets continued*

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised.

ii) **Financial liabilities**

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All financial liabilities are initially recognised at fair value net of transaction costs incurred. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

a) *Financial liabilities measured at amortised cost*

These include trade payables and other short-term monetary liabilities, loans and Zero Dividend Preference shares which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

b) *De-recognition of financial liabilities*

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on de-recognition is taken to the consolidated statement of comprehensive income.

Cash and cash equivalents

Cash comprises deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible within a three month maturity period to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Zero Dividend Preference shares

Zero Dividend Preference shares ("ZDP shares") are classified as a liability in the consolidated financial statements as the ZDPs have a maturity date of either 28 June 2013, 31 December 2015 or 31 December 2017 and receive a fixed redemption yield of 7%, 8.25% or 8.25% respectively.

Each class of ZDP shares are initially recognised at their capital entitlement being fair value less issuance costs. Subsequent to the initial recognition, ZDP shares are carried at amortised cost using the effective interest rate method. Increases in the carrying value of ZDP shares due to accrued but unpaid interest are recognised in the consolidated statement of comprehensive income.

Costs incurred for the issuance of ordinary shares

Incremental external costs directly attributable to the equity transaction and costs associated with the establishment of the Company that would otherwise have been avoided are written off against the share capital account.

Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, and for the effects of the dilutive potential ordinary shares of the warrants outstanding.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Treasury Shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from the share capital account. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in the share capital account.

Provisions

The Group recognises provisions when a present legal or constructive obligation as a result of a past event exists, and it is probable that an outflow of economic benefits is required to settle the obligation. Provisions are measured at net present value and take into account legal fees. The expected future cash outflows are discounted at appropriate pre-tax interest rates, reflecting current market assessments of the time value of money and, if applicable, the risks specific to the liability. The increase of provisions as a result of the passage of time is recognised in the consolidated statement of comprehensive income under finance costs.

Net (losses)/gains on investments

Net (losses)/gains on investments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income.

Net realised gains on investments at fair value through profit or loss are recognised when the de-recognition criteria for financial assets are met. Gain or loss is recognised when persuasive evidence exists, usually in the form of a sale agreement, that the significant risks and rewards of ownership have transferred to the buyer, recovery of the consideration is probable, there is no continuing management involvement with the investment, and the amount of gain or loss can be measured reliably.

Dividend and other distribution income

Dividend and other distribution income is measured at the fair value of the consideration received or receivable. Dividends and other distribution income is recognised when persuasive evidence exists, usually in the form of a dividend or distribution notice that payment will be made, and the amount of the dividend or distribution can be measured reliably.

Interest

Interest income and expense is recognised in the consolidated statement of comprehensive income as it accrues using the original effective interest rate of the instrument calculated at the acquisition or origination date.

Expenses

Expenses are recognised on an accruals basis in the consolidated statement of comprehensive income.

Performance Fees

Performance fees are recognised on an accruals basis in the consolidated statement of comprehensive income. The performance period is concurrent with the annual accounting period.

Segmental information

The Board has considered the requirements of IFRS 8 – “Operating Segments”. The Board is of the view that the Group is engaged in a single segment of business, being Private Equity. The Board, as a whole, has been determined as constituting the chief operating decision maker of the Group.

Only one shareholder holds greater than 10% of the total number of US$ Equity Shares in issue with a holding of approximately 11.4%.

The Board is charged with setting the Group’s investment strategy in accordance with the Group’s prospectus, dated 16 August 2011. They have delegated the day-to-day implementation of this strategy to the Managers but retain responsibility to ensure that adequate resources of the Group are directed in accordance with their decisions. The Managers have been given full authority to act on behalf of the Group in the management of the Group’s assets in accordance with the Amended and Restated Investment Management Agreement on behalf of the Group and to carry out other actions as appropriate to give effect thereto.

Notes to the Consolidated Financial Statements continued

1. SIGNIFICANT ACCOUNTING POLICIES continued

Segmental information continued

Whilst the Managers may take investment decisions on a day-to-day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Managers. The Board therefore retains full responsibility as to the major allocation decisions made on an ongoing basis. The Managers will act under the terms of the Amended and Restated Investment Management Agreement which cannot be changed without the approval of the parties to the agreement.

The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the NAV which is prepared on a monthly basis by Augentius (Guernsey) Limited (the "Administrator"). The NAV reported by the Administrator is prepared on a basis consistent with International Financial Reporting Standards.

The Company's financial assets held as of the year end and the geographical area the Company is invested into are presented in the table below. The Company does not hold any non-current assets other than financial instruments.

	2012		2011	
Region	**$ '000**	**% of NAV**	**$ '000**	**% of NAV**
Europe	315,032	47%	314,214	41%
North America	206,604	31%	248,611	33%
Asia	128,155	19%	172,113	23%
RoW	21,050	3%	25,885	3%
TOTAL	670,841	100%	760,823	100%

Foreign Exchange

Functional and presentation currency

The Board of Directors has resolved that the consolidated financial statements of the Group be presented in the US Dollar. The Board of Directors considers the US Dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The consolidated financial statements are presented in the US Dollar, which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the consolidated statement of comprehensive income. Gains and losses arising from the translation of subsidiary balances are treated as other comprehensive income and are presented in the currency translation reserve in equity in the consolidated statement of financial position.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'unrealised foreign currency gain/(loss)'.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the consolidated statement of comprehensive income within 'net (losses)/gains on investments'.

Taxation

All Guernsey based companies fall under the Zero-10 tax regime and have their investment income assessed for tax at a taxable rate of 0%.

The Australian Subsidiary, Macquarie Private Capital Trust ("MPCT"), is not subject to income tax provided the taxable income of MPCT is fully distributed either by way of cash or reinvestment (i.e. unit holders are presently entitled to the income of MPCT).

BSPEL (Lux) S.a.r.l. is fully taxable and is subject to two different types of taxes in Luxembourg. The first type is levied on the annual profit of the company (corporate income tax and municipal income tax) and a second is annually levied on the wealth of the company (net wealth tax). A minimum corporate income tax ("CIT") of €1,575 has been introduced from fiscal year 2011 for all unregulated collective undertakings for which the sum of fixed financial assets, transferable securities and cash at bank represents more than 90% of total assets. The minimum CIT is due even if the company is in a tax loss position. The estimated tax burden for 2012 is €1,600. The estimated tax burden for 2011 was €2,180.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Taxation continued

Bear Stearns Global Turnaround Fund, L.P., a Delaware partnership, is not subject to income tax. As a partnership, tax basis income and losses are passed through to the Company as sole limited partner and accordingly, there is no provision for income taxes.

Iberian Acquisition Holdings, LLC is a Delaware Limited Liability Company which is treated as a partnership for income tax purposes. All business losses, profits, and expenses are passed through to the Company as its sole member.

Offsetting

Financial instruments are offset and the net amount reported in the balance sheet only when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

2. KEY ESTIMATES AND ASSUMPTIONS

Estimates and judgements used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting estimates will, by definition, seldom equal the related actual results.

The only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of unquoted investments and consolidation of subsidiaries.

Valuation of investments

The unquoted investments are valued in accordance with IPEVC valuation guidelines as set out in financial assets policy above. Judgement is required in order to determine the appropriate valuation methodology under these guidelines, and subsequently in determining the inputs into the valuation models used. These judgements include making assessments of the future earnings potential of portfolio companies, appropriate earnings multiples to apply, and marketability discounts. Although the judgements are significant, the valuation guidelines are clear, well established and supported by a large part of the global private equity industry.

Investments in private equity funds do not have a readily available market and are generally valued based on the fair value of each private equity fund as reported by the respective general partner as per the capital statement, which necessarily incorporates estimates made by those general partners. The Group believes that this value, in most cases, represents fair value as of the relevant statement date, although, if other factors lead the Group to conclude that fair value provided by the general partner does not represent actual fair value, the Directors and Managers will adjust the value of the investment from the general partner's estimate. The Group estimates fair value based on publicly available information and the most recent financial information provided by the general partners, as adjusted for cash flows since the date of the most recent financial information.

Additionally, the value of public equity securities known to be owned by the private equity funds, based on the most recent information reported to the Group by the general partners, have been marked to market as of the last quoted price on the reporting date.

Where applicable, a discount is applied to such securities based on an estimate of the discount applied by the general partners (to account for restrictions or other constraints) in calculating NAV. The transfer of each of the Groups' investments in private equity funds generally requires the consent of the corresponding private equity fund manager, and the transfer of certain fund investments is subject to rights of first refusal or other pre-emptive rights, further limiting the Company from transferring an investment in a private equity fund.

Direct co-investments and other investments where no fair value is being provided to the Group by the general partner or sponsor are carried at fair value, as estimated by the Directors and Managers. In estimating fair value, the Directors and Managers also consider the value assigned to each investment by the fund with which the Group has co-invested, to the extent known.

2. KEY ESTIMATES AND ASSUMPTIONS continued

Valuation of investments continued

The Directors and Managers also consider the estimated fair value based on the projected enterprise value at which the underlying company could be sold in an orderly disposition over a reasonable period of time and in a transaction between willing parties other than in a forced sale or liquidation. In these instances, market multiples considering specified financial measures (such as EBITDA, adjusted EBITDA, cash flow, net income, revenues or NAV) and/or a discounted cash flow or liquidation analysis can be used.

Consideration may also be given to such factors as the company's historical and projected financial data, valuations given to comparable companies, the size and scope of the company's operations, the company's strengths, weaknesses, applicable restrictions on transfer, industry information and assumptions, general economic and market conditions and other factors deemed relevant. The Directors and Managers may also engage the services of a third party valuation firm to assist with valuing the asset.

Valuations for private equity funds acquired in secondary purchases are determined on a fund by fund basis taking into consideration a number of factors including: the purchase price paid for the fund, the valuation applied by the general partner in the most recently available statements (adjusted for cash flows through the purchase date), the conditions under which the assets were purchased, market and economic conditions at the time of purchase and other factors considered relevant at the time of the transaction. The public equity securities known to be owned within the purchased private equity fund, based on the most recent information reported to the Group by the general partners, have been marked to market and a discount applied to such securities based on an estimate of the discount applied by the general partners (to account for restrictions or other constraints) in calculating NAV in the month in which the assets are purchased.

Consolidation

The management is also required to assess, for each entity in which it invests, whether it is in a position of control and should therefore consolidate the assets, liabilities and results of that entity. Control is presumed to exist when the Company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. However in some exceptional circumstances the management may assess that the Company does not control another entity even though it holds more than half the voting rights of the other entity or controls another entity when it holds less than half of the voting rights.

In making its assessment the management will consider whether the Company or another investor has control of another entity by virtue of:

- power over more than half of the voting rights by virtue of an agreement with other investors;
- power to govern the financial and operating policies of the entity under a statute or an agreement;
- power to appoint or remove the majority of the members of the board of directors or an equivalent governing body and control of the entity is by that board of directors or body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board of directors or body.

Notes to the Consolidated Financial Statements continued

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES

Introduction and overview

The following table details the categories of financial assets and liabilities held by the Group at the reporting date:

	2012 $'000	2011 $'000
Assets		
Financial assets designated at fair value through profit or loss upon initial recognition:		
- Equity investments	670,841	760,823
- Held for trading - derivatives	-	311
Loans and receivables	36,970	43,460
Total financial assets	707,810	804,594
Liabilities		
Financial liabilities held for trading - derivatives	(998)	(1,939)
Financial liabilities measured at amortised cost	(260,356)	(301,631)
Total financial liabilities	(261,354)	(303,570)

This note presents information about the Group's exposure to each significant area of risk arising from holding financial instruments, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group, the Group's investments and the underlying portfolio companies are materially affected by a variety of conditions in the global financial markets and economic conditions throughout the world, including, but not limited to rising interest rates, inflation, business and consumer confidence, availability of credit, currency exchange rates and controls and changes in laws. These factors are outside the Group's control and may affect the level and volatility of securities prices, the amount of distributions received from investments in the portfolio and the liquidity and the value of investments. The Group may be unable to mitigate its exposure to these conditions as efforts to manage its exposure may or may not be effective.

The primary investment objective is to achieve both short and long-term capital appreciation by investing in a well diversified portfolio of private equity fund interests purchased in the secondary market and sourced through the primary market. While the Group intends to make investments that will create long-term value for shareholders, the investments made may not appreciate in value and, in fact, may decline in value. Moreover, the Group's historical financial performance, in particular its Net Asset Value, reflects unrealised gains on investments as of applicable measurement dates which may never be realised due to many factors, some of which are not in the Group's control, which may adversely affect the ultimate value realised from the Group's investments. The success of any of the investments in the portfolio will depend upon:

- the quality of its management and the management of the portfolio companies in which it invests;
- its ability to select successfully investment opportunities;
- general economic conditions; and
- its ability to liquidate its investments.

The Group can offer no assurance that its investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

The Group anticipates that the scope of risk management activities it undertakes will vary based on the level and volatility of interest rates and public equity indexes, prevailing foreign currency exchange rates, the type of investments that are made and other changing market conditions. The use of hedging transactions and other derivative instruments to reduce the effects of a decline in the value of a position does not eliminate the possibility of fluctuations in the value of the position or prevent losses if the value of the position declines.

Please refer to the Group's prospectus dated 16 August 2011 for further risk disclosures.

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES continued

Market risk

Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and price risk.

The private equity funds and direct private equity investments in the Groups' portfolio may be materially affected by conditions in the global financial markets and economic conditions. The capital and credit markets have experienced unprecedented volatility and disruption over recent periods. Uncertainty created by market and economic conditions and a tightening of credit could lead to declines in valuations of equity and debt securities without regard to the underlying financial condition of the issuer in certain cases.

The global financial markets and economic conditions may become dislocated or deteriorate, due to a variety of factors beyond the control of the Group. The general partners of the funds held by the Group may face reduced opportunities to sell and realise value from their existing portfolio companies, and portfolio companies may employ substantial indebtedness that may be difficult to extend or replace and which may magnify the impact of any valuation changes.

In addition, while difficult market conditions may increase opportunities to make certain distressed asset investments, such conditions also increase the risk of default with respect to portfolio companies with debt investments. Such defaults would adversely affect the profitability and net asset values of the investment funds in the Group Portfolio, and consequently, the profitability, Net Asset Value and Share price of the Group. Furthermore, during periods of adverse economic conditions, the Group may have difficulty accessing financial markets, which could make it more difficult or impossible for the Group to obtain funding for additional investments and harm its profitability, Net Asset Value and Share price. Deteriorating conditions in the global financial markets, and actions by governments to address them, have created a great deal of uncertainty for the asset management industry, which may adversely affect the Group’s investments, access to financing, competitive landscape and overall performance.

Management of market risks

The Group's strategy on the management of investment risk is driven by its investment objective. The primary investment objective is to achieve both short and long-term capital appreciation by investing in a well diversified portfolio of private equity fund interests purchased in the secondary market and sourced through the primary market. The Group also makes investments in individual companies by co-investing with private equity sponsors. These investments are generally illiquid and non-public, however the Group may at times invest in public listed securities. The Group's market risks are managed on an ongoing basis by the Managers and are discussed with the Board of Directors on a quarterly basis.

The Managers work to mitigate risk by building a diversified portfolio, focusing on achieving a balance across managers, investment styles, industrial sectors and geographical focus. The Managers will also seek to invest in funds created during different vintage years to dampen systemic economic conditions that may impact the private equity market in any given year. Details of the nature of the Company’s investment portfolio at the reporting date are disclosed in the Portfolio Review on pages 16 to 18.

The Managers invest on a highly selective basis and seeks opportunities with high quality private equity investment firms that have proven track records and capabilities. The Managers will validate a given firm’s underlying investment thesis and evaluate its ability to successfully invest in private equity prior to proceeding with any investment. In addition, the Group’s secondary investment strategy enables the Managers to evaluate specific private equity assets.

This permits the Managers to diversify its portfolio at the Company level as well as the fund manager level and to determine that assets are purchased at valuations acceptable to the Managers. The Managers actively manage the investment portfolio by meeting with private equity sponsors to discuss current and prospective investments. In addition, each quarter the Managers evaluate private equity sponsor performance reports, valuations, financial health and current activities, and proactively engage them on any potential issues or underlying industry trends.

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES continued

Exposure to interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to cash and cash equivalents and floating rate debt obligations. The Group has incurred, and expects to continue to incur, indebtedness to fund its liquidity needs and to potentially leverage certain investments. Due to the foregoing, the Group is, and believes that it will continue to be, exposed to risks associated with movements in prevailing interest rates. An increase in interest rates could make it more difficult or expensive to obtain debt financing, could negatively impact the values of fixed income investments, and could decrease the returns that investments generate or cause them to generate losses.

The Group is, and believes that it will continue to be, subject to additional risks associated with changes in prevailing interest rates due to the fact that its capital is invested in underlying portfolio companies whose capital structures may have a significant degree of indebtedness. Investments in leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would be the case if money had not been borrowed. As a result, the risk of loss associated with an investment in a leveraged company is generally greater than for companies with comparably less debt.

As at 30 June 2012, all of the Company's direct corporate borrowings were from its US$150 million secured credit facility, of which US$44.4 million was drawn as at 30 June 2012 (2011: US$75 million). This capital is a floating rate debt with the interest expenses incurred from this facility based on the US Dollar London Interbank Offer Rate (LIBOR) or Euro Interbank Offered Rate (EURIBOR) as applicable.

The Group has non-recourse indebtedness of $NIL and €26,700,000 (2011: $1,776,114 and €28,700,000) through its BSPEL/MIGDAL Mezzanine Limited subsidiary which has been consolidated in these financial statements. Both credit facilities are available in multiple currencies and therefore the Group borrows funds that are tied to US LIBOR, GBP LIBOR and EURIBOR.

The Group has issued a $4,000,000 promissory note to Media Champion Investments Limited in exchange for equity interest in China Media Enterprises Limited. The promissory note bears interest at fixed rate of 6% per annum.

The majority of the Group's assets are non interest bearing, however the assets that do have interest rate exposure are primarily related to investments in mezzanine and special situation private equity funds. In addition, excess cash held by the Group may be invested in short-term fixed deposit accounts that are rolled over on a weekly basis and are impacted by interest rate fluctuations as such giving the Group variable loans and cash deposits. It is not significantly exposed to interest rate risk on its assets and liabilities.

The Company also maintains Zero Dividend Preference shares ("ZDP shares") at a fixed rate, and is therefore not impacted by interest rate fluctuations. The market value of the ZDP shares from time to time will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the ZDP shares.

Recourse on external borrowings will only be undertaken if the Directors and the Managers consider the prevailing interest rates favourable and that the terms and conditions attaching to such borrowings are acceptable, having regard to the investment objective and policy of the Group.

Such borrowings are also limited in size by the Group's internal policies, as the Directors have restricted aggregate borrowings to 20% of the Adjusted Total Capital and Reserves of the Company. Subsequent to the financial year ended 30 June 2012, a shareholder resolution was passed amending the Company's borrowing powers to 30% of Total Assets, as defined in the Company's Articles of Incorporation. The Group's overall interest risks and day-to-day decision making are managed on an ongoing basis by the Managers in accordance with its internal policies. The Board of Directors is consulted on a quarterly basis, or more frequently as the case may be.

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES continued

Exposure to interest rate risk continued

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the reporting date analysed by financial assets and liabilities of fixed and variable rate instruments.

	30 June 2012 $'000	30 June 2011 $'000
Fixed rate instruments		
Financial liabilities	(169,381)	(130,628)
	(169,381)	**(130,628)**
Variable rate instruments		
Financial assets	35,247	39,154
Financial liabilities	(83,163)	(155,676)
	(47,916)	**(116,522)**
Total interest sensitivity gap	**(217,297)**	**(247,150)**

An increase in 100 basis points in interest rates as at the reporting date would have decreased shareholders equity by $2,173,000 (2011: $2,472,000). A decrease of 100 basis points would have had an equal but opposite effect. Moreover, the average outstanding loan and cash balances for the fiscal year ended 30 June 2012 may differ materially from the fiscal year ended 30 June 2011, which would impact the results of the sensitivity analysis.

Exposure to currency risk

Currency risk arises from the possibility that fluctuations in foreign currency exchange rates will affect the value of the Group's assets and liabilities, the Net Asset Value and the market price of the US$ Equity Shares. The Company's functional currency is the US Dollar. As a result foreign currency assets and liabilities will be translated to US Dollars. The Group maintains investments in Euros, Sterling, Australian Dollars, and other currencies, and may invest in financial instruments and enter into transactions denominated in currencies other than US Dollars.

When valuing investments that are denominated in currencies other than the functional currency of the subsidiary which owns the investment, the Company is required to convert the values of such investments into its functional currency based on prevailing exchange rates as at the end of the applicable accounting period. Changes in exchange rates between the functional currency and other currencies could lead to significant changes in the Net Asset Values that the Group reports from time to time and could subject such Net Asset Values to favourable or unfavourable fluctuations. Among the factors that may affect currency values are trade balances, levels of short term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

The Group currently has currency hedges in place to partially mitigate fluctuations in its foreign exchange exposure. The Managers may engage in currency hedging to limit the Group's exposure to currency fluctuations. Currency hedging by the Managers may be by means of spot and forward foreign exchange contracts or options on such contracts or by using such other derivative instruments as may be available and having the same or similar effect. To date, the Group has employed put options, spot and forward foreign exchange contracts.

During the year the Group realised a foreign currency gain of $2,639,000 (2011: $10,662,000 loss). This was largely a result of the currency hedges placed to mitigate the Group's exposure to the Euro.

The success of any hedging or other derivative transactions that the Group may enter into will generally depend on its ability to correctly predict market changes. As a result, while the Group may enter into such transactions for a particular class of shares in order to reduce its exposure to currency fluctuations, unanticipated market changes may negatively affect the outcome of such transactions. The Group is also subject to the risk that counterparties in any hedging or other derivative transactions will be unable or unwilling to perform their obligations.

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES continued

Exposure to currency risk continued

The Group's counterparty risk has increased as credit and liquidity have become constrained in the global financial markets. There can be no assurance that currency hedging will be effective and that the Group's financial condition will not be adversely affected by fluctuations in currency exchange rates. Furthermore, if any of the Group's counterparties were to default on their obligations under derivative contracts, it could have a material adverse effect on the Group's business, financial condition or results of operations.

A substantial portion of the Group's underlying investments are denominated in the Euro, Australian Dollar, and US Dollar. Any distributions in respect of the ZDP shares will be made in Sterling and the market prices and Net Asset Values of the ZDP shares are reported in Sterling. Any distributions in respect of the US$ Equity Shares have been made in US Dollars and the market prices and Net Asset Values of the US$ Equity Shares are reported in US Dollars.

The Managers consider currency risk when making investments into non-US Dollar denominated assets and monitor currency movements on an ongoing basis. The Managers discuss their policies with the Board of Directors on a quarterly basis and may choose to alter its asset allocation or currency risk strategies as a result in their absolute discretion.

At the reporting date the carrying value of the Group's financial assets and financial liabilities held in individual foreign currencies as a percentage of its net assets were as follows:

	Group	
Currency	2012	2011
Euro	39%	25%
Sterling	(27%)	(24%)
Australian Dollar	4%	3%
UAE Dinar	-	1%
	16%	**5%**

The following table sets out the aforementioned total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

	2012 Group			
	Financial assets $'000	Financial liabilities $'000	Forward FX contracts $'000	Net exposure $'000
Euro	275,209	(78,165)	(25,316)	171,728
Sterling	48,844	(169,381)	-	(120,536)
Australian Dollar	43,908	-	(25,583)	18,326

	2011 Group			
	Financial assets $'000	Financial liabilities $'000	Forward FX contracts $'000	Net exposure $'000
Euro	257,761	(43,397)	(90,271)	124,093
Sterling	15,189	(130,627)	-	(115,438)
Australian Dollar	82,979	(32,166)	(37,522)	13,291

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES continued

Exposure to currency risk continued

Amounts on the above table are based on the carrying value of monetary assets and liabilities and the underlying principal amount of forward currency contracts. Based on the standard deviation of currency fluctuations, the volatility of each currency has been assessed at the year end; had the reporting currency of each subsidiary entity (where the functional currency is not USD) strengthened by the following amounts in relation to the other currencies, shown in the table below with all other variables held constant, shareholders' equity and profit and loss would have decreased/(increased) by the amounts shown below:

	Standard Deviation	
	2012	2011
USD	%	%
Euro	7	4
Sterling	5	2
Australian Dollar	10	6

	Group	
	2012	2011
	$'000	$'000
Euro	11,677	4,964
Sterling	(5,424)	(2,309)
Australian Dollar	1,778	797
Total	**8,031**	**3,452**

The relevant weakening of the reporting currency against the above currencies would have resulted in an equal but opposite effect on shareholders' equity and profit and loss by amounts shown above, on the basis that all other variables remain constant.

Exposure to other price risk

Other price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in that market. As the Group's financial instruments are carried at fair value with fair value changes recognised in the consolidated statement of comprehensive income, all changes in market condition will directly affect Net gains on investments and Net Asset Value.

The valuation of unquoted investments depends upon a combination of market factors and the performance of the underlying asset. The Group does not currently hedge the price risk inherent in the portfolio, but actively pursues investment opportunities that are acquired at what the Managers believe to be relatively attractive purchase multiples and may therefore be less susceptible to negative fluctuations in fair value calculations. In addition, the Managers consult with a variety of other private equity investors and industry experts to better ascertain fair value pricing before proceeding with an investment, and may also refrain from making commitments to funds that are acquiring assets at relatively expensive valuations. Moreover, the Managers seek to maximise the diversification of its portfolio by investment type, investment strategy, vintage year, geography, and industry in an effort to minimise the impact of fluctuations in value of any single investment. The Managers monitor price risk and consults with the Board of Directors on a quarterly basis, or more frequently as the case may be.

The Group also has exposure to assets that are publicly traded on various equity markets. These represent 0.87 % (2011: 1.84%) of the Group's portfolio value as at 30 June 2012. Under IFRS, the Company is required to value investments in traded securities at their fair value at the end of each accounting period, which could lead to significant changes in the Net Asset Values and results of operations that the Company reports from quarter to quarter. The Managers believe these assets will continue to make up a minority position in the portfolio.

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES continued

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. This relates also to financial assets carried at amortised cost, as they have a short term to maturity.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	2012 $'000	2011 $'000
Derivative financial instruments	-	311
Cash and cash equivalents	35,247	38,843
Receivables	1,723	4,617
Total	**36,970**	**43,771**

In respect of credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks substantially all of the Group's cash is maintained with Lloyds TSB Bank plc and ING Luxembourg SA. In addition, the Managers monitor the financial position of both banks on an ongoing basis by reviewing earnings releases. As at 30 June 2012 the long term credit rating for Lloyds TSB Bank plc is A2 according to Moody's. In the event that the credit quality of either bank deteriorates significantly, the Managers will move the cash holdings to another bank. Substantially all of the cash assets of the Group are held by Lloyds TSB Bank plc. Bankruptcy or insolvency of the custodian may cause the Group's rights with respect to securities held by the custodian to be delayed or limited. The Group monitors its risk by monitoring the credit quality and financial position of the custodian the Group uses. No financial assets were part due or impaired at 30 June 2012 or 30 June 2011.

The Group's exposure to credit risk is managed on an ongoing basis by the Managers. The Group's overall credit risk is managed on a quarterly basis by the Board of Directors.

Liquidity risk

The Group's financial instruments primarily include investments in unlisted equity investments that are not publicly traded and therefore may be illiquid. As a result the Group may not be able to liquidate some of its investments in these instruments at an amount close to their fair value should such liquidation be necessary to meet liquidity requirements, including the need to meet outstanding undrawn commitments and other obligations as and when these fall due.

The Group's exposure to liquidity risk is actively managed and monitored on an ongoing basis by the Managers, and by the Board of Directors on a quarterly basis. The Managers frequently consult with their underlying fund managers about upcoming capital requirements as well as potential exit and other monetisation events. Allocations to new investments take into consideration the near-term capital needs within the Group's broader private equity portfolio. Where the Managers believe there may be upcoming liquidity requirements, they will take necessary action to ensure that adequate funds are available.

The Group's liquidity may also be impacted by its existing tender offer facility. While any tender of shares is offered at the Board's sole discretion, in the event that the facility is utilised, it may require the use of a material amount of excess cash that the Group may otherwise be able to invest in private equity or reduce outstanding indebtedness.

The Group has entered into a US$150 million revolving loan facility agreement with Lloyds TSB Bank plc which will provide the Group with both short-term and long-term liquidity. Per the credit agreement, the Group and the lender monitors the loan covenants on a quarterly basis. As at 30 June 2012, the Group was in compliance with all such covenants. The loan will mature in January 2017. The Group has entered into a €35 million Revolving Loan Facility with Lloyds TSB Bank plc. On 9 July 2012 the Revolving Loan facility was revised to €25 million and the maturity date extended to 2 July 2015. Per the credit agreement, the Group and the lender monitor the loan covenants on a quarterly basis. As at 30 June 2012, the Group was in compliance with all covenants.

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES continued

Liquidity risk continued

The Group also maintains cash and cash equivalents in excess of what the Managers believe will be required in the coming quarters. The Group currently holds cash and cash equivalents of US$35.2 million. The Managers pursue an investment strategy with respect to all un-invested cash in the Company Portfolio that is designed to balance the need for appropriate liquidity to meet its present and future private equity commitment obligations with the desire to increase the returns of the Group Portfolio. The majority of available cash is invested in fixed deposits with rolling seven-day contracts.

The investment commitments presented in note 12 represent commitments to commit capital to underlying investments as such time as the managers of those assets request. The precise timing of future calls, and whether such calls will be made at all, is at the discretion of the investment managers of each individual asset within the investment portfolio.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	2012					
Financial liabilities	Carrying amounts $'000	Contracted cash flows $'000	Less than 1 month $'000	1 - 3 months $'000	3 months to 1 year $'000	More than 1 year $'000
Other payables	8,810	8,810	8,410	-	-	400
Derivatives	998	998	998	-	-	-
Loans	82,165	92,606	-	-	-	92,606
ZDP shares	169,381	215,527	-	-	72,410	143,117
	261,354	**317,941**	**9,408**	**-**	**72,410**	**236,123**

	2011					
Financial liabilities	Carrying amounts $'000	Contracted cash flows $'000	Less than 1 month $'000	1 - 3 months $'000	3 months to 1 year $'000	More than 1 year $'000
Other payables	17,266	17,266	17,266	-	-	-
Derivatives	1,939	1,939	1,939	-	-	-
Loans	153,737	161,905	25,444	-	10,722	125,739
ZDP shares	130,628	170,321	-	-	-	170,321
	303,570	**351,431**	**44,649**	**-**	**10,722**	**296,060**

Other risks

The Company is exposed to various other risks with respect to its investments. A summary of these risks is as follows:

(a) **Valuation risk**

All valuations of the private equity funds and similar investments incorporated in the Group's reported net asset value are made, in part, on valuation information provided by the managers of investments in the Company's portfolio. The Managers are reliant on pricing provided by the underlying manager or general partners and have procedures in place to monitor and ensure that this pricing, in most cases represents fair value. If other factors lead the Managers to conclude that fair value provided by the underlying managers or general partners does not represent actual fair value, the Managers will adjust the value of the investment from the underlying managers and general partner's estimate.

(b) **Reliance on Managers**

Quality and execution of management is key to a successful business development. The Group will be relying on the Managers and their ability to evaluate investment opportunities and to further develop the Company's investments. The Managers exercise a central role in the investment decision process. Accordingly the returns of the Group will primarily depend on the performance and abilities of the Managers.

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES continued

Other risks continued

(c) **Political and /or regulatory risk**

The net asset value of the Group's assets may be affected by uncertainties such as international political developments, changes in governmental policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries in which the Company's assets are invested.

4. INTEREST AND DISTRIBUTION INCOME

The following table details the interest and other distribution income earned during the year:

	2012 $'000	2011 $'000
Interest income from financial assets that are not at fair value through profit or loss:		
Cash and cash equivalents	46	155
Distributions from financial assets at fair value through profit or loss:		
Private equity investments	17,354	20,272
	17,400	**20,427**

5. LOAN INTEREST PAYABLE

The following table details the interest expense incurred during the year:

	2012 $'000	2011 $'000
Interest expense from financial instruments that are not at fair value through profit or loss:		
Financial liabilities at amortised cost	3,796	10,904

6. OTHER EXPENSES

The following table details the other expenses incurred during the year:

	2012 $'000	2011 $'000
Legal and professional fees	778	3,421
Travel expenses	287	108
Bank charges	375	1,226
Sundry expenses	2,627	471
	4,067	**5,226**

7. UNREALISED FOREIGN CURRENCY GAIN/(LOSS)

The following table details the unrealised foreign currency gains and losses during the year:

	2012 $'000	2011 $'000
Cash and cash equivalents	(1,498)	2,198
ZDP loan	3,143	(8,408)
Lloyds loan	6,247	-
BSPEL/Migdal Mezzanine Limited leverage	896	429
BSPEL Australia Limited	14	206
Hunter Acquisition Limited	104	(209)
Other	7	-
	8,913	**(5,784)**

8. RECEIVABLES

The following table details the receivables at the reporting date:

	2012 $'000	2011 $'000
GBP forward contract settlement in transit	-	2,524
Accrued distributions	31	2,048
Other receivables	1,692	45
	1,723	**4,617**

9. PAYABLES AND ACCRUALS

The following table details the payables and accruals during the year:

	2012 $'000	2011 $'000
Administration fee (note 18)	448	152
Audit fee	139	120
Management fee (note 18)	1,298	2,011
Directors fees	79	29
Accrued calls	864	7,921
Interest expense	398	1,100
Performance fees (note 18)	5,327	5,327
Lloyds arrangement fee	-	600
Other fees	257	6
	8,810	**17,266**
Maturity profile		
Due within one year	8,410	17,266
Due after more than one year	400	-

10. NET (LOSSES)/GAINS ON INVESTMENTS

The following table details the gains from financial assets and liabilities at fair value through profit or loss for the year:

	2012 $'000	2011 $'000
Designated at fair value through profit or loss		
Investment portfolio	(92,560)	61,813
Held for trading		
Derivative financial instruments	1,260	(16,804)
Net (loss)/gain from financial assets and liabilities at fair value through profit or loss	**(91,300)**	**45,009**

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All investments are designated at fair value through profit or loss at initial recognition, therefore all gains and losses arise on investments designated at fair value through profit or loss. Given the nature of the Group's investments the fair value gains recognised in these consolidated financial statements are not considered to be readily convertible to cash in full at the reporting date and therefore the movement in these fair values are treated as unrealised.

Commitments

The Group has committed to invest in certain private equity funds and investments. Such commitments are payable upon demand at the request of the fund's administrator or General Partner. As of 30 June 2012, the Group held interests in 119 fund interests, 16 co-investments, and 10 fund-of-funds including private equity funds, direct co-investments and publicly traded equity securities and had unfunded commitments to private equity funds of $99,681,953 (2011: $113,945,898) that may be called by the underlying limited partnerships. In addition, the Group may make capital commitments to private equity funds in the future and may make purchases of existing private equity funds in the secondary market, many of which will be subject to additional funding requirements.

The Group may employ an over-commitment strategy when making investments in private equity funds in order to maximize the amount of its capital that is invested at any given time. When an over-commitment strategy is employed, the aggregate amount of capital committed by the Group to private equity funds at a given time may exceed the aggregate amount of cash that the Group has available for immediate investment.

Because the managers of private equity funds will typically be permitted to make calls for capital contributions following the expiration of a relatively short notice period, employing an over-commitment approach requires the Group to time investments and manage available cash in a manner that allows the funding of its capital commitments when capital calls are made. The Managers are primarily responsible for managing the Group's cash and the timing of its investments. The Managers take into account expected cash flows to and from its investments and amounts available from the issuance of notes under the Program when planning investment and cash management activities with the objective of seeking to ensure that the Group is able to honour its commitments to funds when they become due.

The Group believes it currently has sufficient liquidity to meet an over-commitment strategy.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

The following table is an analysis of the investment portfolio disclosing fair value balances and fair value movements of the investments:

	2012 $'000	2011 $'000
Fair value at beginning of the year	760,823	632,193
Purchase of investment and funding of capital calls	148,914	109,825
Distributions from limited partnership interests and proceeds from disposal of investments	(126,634)	(65,114)
Realised (losses)/gains on distributions from limited partnership interest and disposal of listed equity investments	(25,783)	9,869
Net fair value movement in the year (including foreign exchange gains/losses)	(86,479)	74,050
Fair value at the end of the year	**670,841**	**760,823**
Reconciliation of accumulated unrealised (losses)/gains movements		
Accumulated unrealised gains/(losses) at beginning of the year	34,155	(39,180)
Net unrealised (losses)/gains in the year (including foreign exchange gains/losses)	(86,479)	73,335
Accumulated unrealised (losses)/gains at the end of the year	**(52,324)**	**34,155**

Details of underlying portfolio funds are presented in the supplementary schedule of investments at the end of these consolidated financial statements.

The following table summarizes the valuation of the Group's investments by the 3 level hierarchies as of 30 June 2012:

	2012			
	Total $'000	Level I $'000	Level II $'000	Level III $'000
Investments at fair value through profit or loss:				
Portfolio funds	670,841	5,829	-	665,012
Derivative instruments	-	-	-	-
Total financial assets at fair value	**670,841**	**5,829**	**-**	**665,012**
Financial liabilities at fair value through profit or loss:				
Derivative instruments	(998)	-	(998)	-
	669,843	**5,829**	**(998)**	**665,012**

	2011			
	Total $'000	Level I $'000	Level II $'000	Level III $'000
Investments at fair value through profit or loss:				
Portfolio funds	760,823	13,945	-	746,878
Derivative instruments	311	-	311	-
Total financial assets at fair value	**761,134**	**13,945**	**311**	**746,878**
Financial liabilities at fair value through profit or loss:				
Derivative instruments	(1,939)	-	(1,939)	-
	759,195	**13,945**	**(1,628)**	**746,878**

The Portfolio Funds represent interest in:

- a company that is listed and traded in an active market; and
- private equity funds that do not trade in an active market and represent illiquid long-term investments that generally require future capital contributions.

Generally redemptions from the Portfolio Funds are not permitted unless agreed by the general partner of the Portfolio Funds and liquidity is available to the extent of distributable realized events.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

Although such investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of each Portfolio Fund, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the Group were to sell a Portfolio Fund in the secondary market, the sale could occur at an amount different than the reported fair value, and the difference could be material. The Group does not have any intention to sell the Portfolio Funds as at 30 June 2012. The Group expects to receive distributions from the Portfolio Funds as the underlying investments of the Portfolio Funds are sold. The timing of such liquidations is uncertain.

Options and open forward exchange contracts are included within Level II as their prices are not publicly available but are derived from underlying assets or elements that are publicly available. There have been no significant transfers between Levels I and II during the year.

The changes in the fair value of Portfolio Funds which the Group has classified as Level III are as follows:

	2012 $'000	2011 $'000
Fair value at beginning of the year	746,878	624,760
Purchase of investment and funding of capital calls	146,988	109,825
Distributions from limited partnership interests	(126,634)	(65,114)
Realised (losses)/gains on distributions from limited partnership interests	(25,783)	9,869
Net fair value movement in the year (including foreign exchange gains/losses)	(76,437)	67,538
Fair value at the end of the year	**665,012**	**746,878**

A reconciliation of the Level III portfolio gains or losses included in profit or losses for the year ended 30 June 2012 are as follows:

	2012 $'000	2011 $'000
Reconciliation of accumulated unrealised gains/(losses) movements		
Accumulated unrealised gains/(losses) at beginning of the year	34,180	(33,358)
Net unrealised (losses)/gains in the year (including foreign exchange gains/losses)	(76,437)	67,538
Accumulated unrealised (losses)/gains at the end of the year	**(42,257)**	**34,180**

Total realised and unrealised gains and losses recorded for Level III Portfolio Funds, if any, are reported in "Net (losses)/gains on investments" in the consolidated statement of comprehensive income.

When valuing the Portfolio Funds, the Managers of the funds apply widely recognised valuation methods such as time of last financing, multiple analysis, discounted cash flow method and third party valuation to estimate a fair value as at the balance sheet date. As the investments, including the valuation of such investments, are under the control of the managers of these funds, it is not practical to provide sensitivity analysis around the main inputs used within the various valuation models.

12. SUBSIDIARIES

The Group has established a number of investment holding vehicles that are held purely for the purposes of holding the underlying investment in private equity funds. These special purpose entities are presented in detail below:

Name	Country of Incorporation	% Holding	Principal activity
BSPEL Mezzanine Funding Limited	Guernsey	100.0	Holding company
BSPEL/Migdal Mezzanine Limited	Guernsey	80.0	Holding company
BSPEL Australia Limited	Guernsey	100.0	Holding company
Hunter Acquisition Limited	Guernsey	68.2	Holding company
Bear Stearns Global Turnaround Fund L.P.	Delaware	100.0	Limited Partnership
BSPEL (Lux) S.a.r.l.	Luxembourg	100.0	Holding company
JPEL TF Limited	Guernsey	100.0	Holding company
Iberian Acquisition Holdings LLC	Delaware	100.0	Holding company
JPEL Convey Limited	Guernsey	100.0	Holding company
Back Bay (Guernsey) Limited	Guernsey	78.8	Holding company
JPEL Holdings Limited	Guernsey	100.0	Holding company

BSPEL Mezzanine Funding Limited owns 80% of the issued capital of BSPEL/Migdal Mezzanine Limited; a Guernsey registered company which invests in eight funds through a limited partnership.

BSPEL Australia Limited owns 100% of the issued trust units in Macquarie Private Capital Trust, an Australia registered trust which invests in 26 private equity partnerships and investment funds.

JPEL TF Limited is a limited partner in Terra Firma Deutsche Annington, L.P., a Guernsey limited partnership.

Iberian Acquisition Holdings LLC is a limited partner in Alia Capital Fund ICV, a Dutch limited partnership.

JPEL Convey Limited owns 35% of China Media Enterprises Limited, a limited liability BVI company that wholly owns four subsidiaries in Hong Kong and China.

13. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Group enters into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments such as forwards. Derivatives are considered to be part of the advanced cash management process. The use of derivatives is an essential part of the Group's portfolio management. Derivatives are not managed in isolation. Consequently the use of derivatives is multifaceted and includes:

- primarily hedging to protect an asset or liability of the Group against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities;
- adjusting asset exposures within the parameters set in the investment strategy; and
- adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the market exceeds the underlying value of the Group. The Group holds the following derivative instruments:

13. DERIVATIVE FINANCIAL INSTRUMENTS continued

Forward currency contracts

Forward currency contracts are primarily used by the Group to hedge against foreign exchange rate risks on its non US dollar dominated trading securities. The Group agrees to deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the reporting date. The Group recognises a gain or loss equal to the change in fair value at the reporting date.

The following forward foreign exchange contracts were unsettled at the reporting date:

	2012				
Currency sold	Currency amount sold	Currency bought	Currency amount bought	Settlement date	Fair value $'000
AUD	25,000,000	USD	25,025,000	25 Jul 2012	(558)
EUR	20,000,000	USD	24,876,000	2 Aug 2012	(440)
					(998)

	2011				
Currency sold	Currency amount sold	Currency bought	Currency amount bought	Settlement date	Fair value $'000
AUD	35,000,000	USD	36,750,000	13 Jul 2011	(772)
EUR	30,000,000	USD	42,367,500	26 Jul 2011	(1,167)
					(1,939)

At 30 June 2011 an amount of $2,410,000 was included in the cash and cash equivalent balance provided as cash collateral to Goldman Sachs as a security margin in respect of forward currency contracts. This was repaid to the Group during the year.

Options

The European Euro Put Option held by the Group at 30 June 2011 was not exercised and expired on 11 July 2011. No further option contracts have been entered into.

14. LOAN BALANCES

	2012 $'000	2011 $'000
Lloyds TSB Bank plc (formerly Bank of Scotland)	33,797	43,397
Lloyds TSB Bank plc	44,368	74,174
National Australia Bank	-	32,166
Media Champion Investments Limited	4,000	4,000
	82,165	**153,737**
Maturity profile		
Due within one year	-	32,166
Due after more than one year	82,165	121,571

The Group has entered into a Revolving Loan Facility with Lloyds TSB Bank plc (formerly Bank of Scotland). The facility is for €35,000,000 and may be drawn down in Euros, Sterling or US Dollars bearing interest at a rate of LIBOR, or if the loan is in Euro, EURIBOR, plus 1.75%. The maturity date of the facility is 2 May 2012, extended to 2 July 2012 on 1 June 2012 with a term-out maturity date of 2 May 2014. The loan is secured over the Group's interest in the BoS Mezzanine Partners Fund, LP and its rights under the related limited partnership agreement. The fair value of the Group's share of net asset values in BoS Mezzanine Partners Fund, LP at the year end was EUR 71,832,217 (2011: EUR 85,099,319).

The Company has entered into a multi-currency loan facility agreement with Lloyds TSB Bank plc. The facility is for US$150,000,000 and bears interest of US$ LIBOR/EURIBOR + 330 bps on drawn amounts with a leverage of greater that 10% loan to value. At leverage rates of below 10% the loan bears interest of US$ LIBOR/EURIBOR +285 bps. A flat 1% rate is paid on undrawn amounts.

The facility had an original term of approximately two years and was due to expire in May 2013. The facility was extended on 20 June 2012 and will now expire on 31 January 2017. The facility also contains a number of covenants that restrict total leverage and promote asset diversification. Specifically, the Company is limited to a leverage ratio of 30 per cent of Total Assets. Furthermore, the asset base off of which the Company may borrow funds may be reduced if certain diversity criteria are breached; including geography, investment strategy, investment type, and company and manager concentration limitations. As at 30 June 2012, the Company's leverage ratio was 7.3 per cent per the credit agreement and the Company was in compliance with all of the diversification restrictions. The facility is drawn down to €35,000,000 at 30 June 2012.

The loan with Lloyds TSB Bank plc is secured over the JPEL-held share capital of the following subsidiaries:

	Net asset of subsidiary $'000
JPEL Convey Limited	44,948
BSPEL Australia Limited	80,927
BSPEL/Migdal Mezzanine Limited	72,039
Bear Stearns Global Turnaround Fund, LP	28,439
JPEL TF Limited	41,674
JPEL Holdings Limited	83,717
Back Bay (Guernsey) Limited	7,506
	359,247

The credit facility with National Australia Bank was fully repaid during the year.

The Group's subsidiary, JPEL Convey Limited, has written a promissory note to Media Champion Investments Limited in the amount of $4,000,000 in lieu of cash payment for the acquisition of an interest in China Media Enterprises Limited. The promissory note bears an interest of 6% p.a. on the principal outstanding and the interest is repayable on a semi-annual basis. Under the terms of the agreement, the promissory note is unsecured, has no fixed repayment period and does not become payable until a triggering event occurs. This triggering event is defined, under the terms of the agreement, as the sale of the interest in China Media Enterprises Limited via an IPO or the sale of shares. The Group does not expect a sale within the next 12 months.

15. ZERO DIVIDEND PREFERENCE SHARES

The Company has issued three classes of Zero Dividend Preference shares ("ZDP shares") as at the year end; 2013 ZDP shares, 2015 ZDP shares and 2017 ZDP shares. The holders of the 2013 ZDP shares are entitled to a redemption amount of 41.5 pence per ZDP share as increased daily at such a daily compound rate as would give a final entitlement of 73.0 pence on 28 June 2013. The effective interest rate is 7% pa based on the placing price of 42.5 pence per ZDP share. ZDP shares rank prior to the US$ Equity Shares in respect of the repayment of their entitlement of up to 73.0 pence per ZDP share. However, they rank behind any borrowings made by the Company that remain outstanding. They carry no entitlement to income and the whole of their return takes the form of capital.

The holders of the 2015 ZDP shares are entitled to a redemption amount of 48.75 pence per ZDP share as increased daily at such a daily compound rate as would give a final entitlement of 87.30 pence on 31 December 2015. The effective interest rate is 8.25% pa based on the placing price of 50 pence per ZDP share. ZDP shares rank prior to the US$ Equity Shares in respect of the repayment of their entitlement of up to 87.3 pence per ZDP share and pari passu to the 2013 ZDP shares. However, they rank behind any borrowings made by the Company that remain outstanding. They carry no entitlement to income and the whole of their return takes the form of capital.

The holders of the 2017 ZDP shares are entitled to a redemption amount of 65 pence per ZDP share as increased daily at such a daily compound rate as would give a final entitlement of 107.10 pence on 31 December 2017. The effective interest rate is 8.25% pa based on the placing price of 65 pence per ZDP share. ZDP shares rank prior to the US$ Equity Shares in respect of the repayment of their entitlement of up to 107.1 pence per ZDP share and pari passu to the 2013 ZDP shares and 2015 ZDP shares. However, they rank behind any borrowings made by the Company that remain outstanding. They carry no entitlement to income and the whole of their return takes the form of capital.

ZDP shareholders will not be entitled to receive any part of the revenue profits, including any accumulated revenue reserves of the Company on a winding-up.

The movement of ZDP shares in the year was as follows:

	Number of shares	2012 $'000
Balance at start of year	131,904,611	130,627
Tender offer	(1,668,219)	(1,652)
Initial offer of ZDP 2017 Shares	30,410,753	31,354
Interest accretion	-	12,194
Unrealised FX movement	-	(3,143)
Balance as at 30 June 2012	160,647,145	169,381

	Number of shares	2011 $'000
Balance at start of year	132,788,863	128,528
Tender offer	(884,252)	(8,837)
Interest accretion	-	9,683
Unrealised FX movement	-	1,253
Balance as at 30 June 2011	131,904,611	130,627

15. ZERO DIVIDEND PREFERENCE SHARES continued

ZDP 2013 Shares	Date	Number of shares
Balance at start of year		63,312,305
Tender offer	23 February 2012	(153,284)
Balance as at 30 June 2012		63,159,021
Issue date	28 June 2005	
Valuation date	30 June 2012	
Days from issue	2,559	
Daily compound rate	0.0193299%	
Initial price	41.5 pence	
Price at valuation	68.05 pence	

ZDP 2015 Shares	Date	Number of shares
Balance at start of year		68,592,306
Tender offer	23 February 2012	(1,514,935)
Balance as at 30 June 2012		67,077,371
Issue date	19 December 2008	
Valuation date	30 June 2012	
Days from issue	1,289	
Daily compound rate	0.0226913%	
Initial price	48.75 pence	
Price at valuation	65.31 pence	

ZDP 2017 Shares	Date	Number of shares
Balance at start of year		-
Initial offer	12 September 2011	30,410,753
Balance as at 30 June 2012		30,410,753
Issue date	12 September 2011	
Valuation date	30 June 2012	
Days from issue	292	
Daily compound rate	0.0217062%	
Initial price	65 pence	
Price at valuation	69.25 pence	

The interest charge accrued for the year on the ZDP shares was $12,194,010 (2011: $9,683,000).

At 30 June 2012 the fair value of the 2013 ZDP shares was $69,433,870 (2011: $68,227,739), the fair value of the 2015 ZDP shares was $76,775,444 (2011:$75,569,336) and the fair value of the 2017 ZDP shares was $37,252,868 (2011: $nil).

16. ISSUED SHARE CAPITAL AND RESERVES

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. The Company's capital is represented by the Share Capital, Zero Dividend Preference, Shares Warrants on US$ Equity Shares and Other Reserves. The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objectives, both of which are detailed in the Overview & Strategy section on page 4 and Investment Policy on page 24. The Company also makes investments in individual companies by co-investing with private equity sponsors. These investments are generally illiquid and non-public. The Group does not have any externally imposed capital requirements. The Board of Directors also monitors the level of discount between the market price of its US$ Equity Shares and the Company's net asset value per share through open market purchases of shares held as discussed in more details below.

The Company attempts to minimise any discount between the market price of its US$ Equity Shares and the Company's net asset value per share through open market purchases of shares held at the discretion of the Directors. In either case, the Company may hold the acquired shares in its treasury and may re-issue such shares to the market at the current prevailing net asset value per share to avoid dilution of existing shareholders. At the Annual General Meeting of 20 December 2007, the shareholders entitled the Board of Directors in accordance with the Companies (Purchase of Own shares) Ordinance, 1998, to make market purchases (within the meaning of section 5 of the said ordinance) of US$ Equity Shares and zero dividend preference shares of up to 14.99% of the issued shares. At the Extraordinary General Meeting (EGM) held on 16 July 2009, the Directors' authority to market such market purchases has been renewed for an additional 5 years. The Directors at their sole discretion may accept redemption requests for up to 14.99% of US$ Equity Shares during each financial year.

The balance of shares held in treasury at the year end was 32,294,704 (2011: 11,036,914) US$ Equity Shares 2,259,803 (2011: 2,106,519), 2013 ZDP shares and 2,344,176 (2011: 829,241) 2015 ZDP shares. At the year end no 2017 ZDP shares were held in treasury.

There were no changes in the Company's approach to capital management during the year.

Authorised share capital

The authorised share capital of the Company is £100 divided into 100 founder shares of £1 each, and an unlimited number of redeemable participating preference shares of no par value each, which may be issued and designated as US$ Equity Shares, Sterling Equity Shares, Euro Equity Shares, ZDP shares or any other shares (denominated in any currency) as may be determined by the Board from time to time in accordance with Article 3(4)(d) of the Company's Articles of Association.

Issued share capital

The movement of the US$ Equity Shares in the year was as follows:

	Date	Number of shares	Price
Balance as at 30 June 2011		356,877,850	
Warrant conversion	8 July 2011	1,593	$1.37
Share buyback	25 August 2011	(325,000)	$0.95
Share buyback	30 August 2011	(180,000)	$0.95
Share buyback	6 September 2011	(125,000)	$0.96
Share buyback	6 September 2011	(160,000)	$0.97
Share buyback	8 September 2011	(350,000)	$0.99
Share buyback	8 September 2011	(350,000)	$1.00
New issue	12 September 2011	44,727,053	$1.34
Share buyback	13 September 2011	(100,000)	$1.00
Share buyback	13 September 2011	(150,000)	$1.00
Share buyback	14 September 2011	(111,000)	$1.00
Share buyback	16 September 2011	(176,000)	$0.94
Share buyback	21 October 2011	(100,000)	$0.83
Share buyback	21 October 2011	(50,000)	$0.84
Share buyback	14 November 2011	(160,000)	$0.86

16. ISSUED SHARE CAPITAL AND RESERVES continued

	Date	Number of shares	Price
Share buyback	15 November 2011	(200,000)	$0.83
Share buyback	15 November 2011	(200,000)	$0.83
Share buyback	16 November 2011	(100,000)	$0.83
Share buyback	7 December 2011	(125,000)	$0.86
Share buyback	8 December 2011	(90,000)	$0.86
Share buyback	15 January 2012	(65,000)	$0.87
Share buyback	17 January 2012	(100,000)	$0.88
Share buyback	18 January 2012	(50,000)	$0.88
Share buyback	10 February 2012	(400,000)	$0.90
Share buyback	13 February 2012	(317,500)	$0.90
Tender offer	23 February 2012	(10,706,290)	$1.27
Share buyback	27 February 2012	(25,000)	$0.90
Share buyback	18 March 2012	(250,000)	$0.91
Share buyback	19 March 2012	(100,000)	$0.91
Share buyback	21 March 2012	(750,000)	$0.91
Share buyback	23 March 2012	(500,000)	$0.91
Share buyback	30 March 2012	(192,000)	$0.91
Share buyback	2 April 2012	(100,000)	$0.91
Share buyback	17 April 2012	(1,000,000)	$0.84
Share buyback	22 April 2012	(100,000)	$0.84
Share buyback	30 April 2012	(500,000)	$0.80
Share buyback	3 May 2012	(950,000)	$0.79
Share buyback	11 May 2012	(250,000)	$0.79
Share buyback	22 May 2012	(500,000)	$0.78
Share buyback	25 May 2012	(500,000)	$0.77
Share buyback	6 June 2012	(250,000)	$0.75
Share buyback	25 June 2012	(250,000)	$0.68
Share buyback	29 June 2012	(350,000)	$0.66
Balance as at 30 June 2012		**380,348,706**	

The US$ Equity Shares carry the right to receive all revenue profits of the Company (including accumulated revenue reserves) which are available for distribution and from time to time determined to be distributed by way of interim and/or final dividends and at such times as the directors may determine. On winding-up, Equity shareholders will be entitled to the net assets of the Company after any payables have been paid and the accrued entitlement of the ZDP shares has been met.

Reserve Accounts

The other reserves arise from the net gains from the revaluation of investments, interest from the Zero Dividend Preference shares and the accumulated losses from the operations of the Group.

The currency translation reserve arises from the translation of subsidiaries from their functional currency to the presentation currency (US Dollar).

The $3,363,038 gain in the currency translation reserve during the year was primarily due to the foreign exchange gain on the Australian Dollar which strengthened during this time.

Non-controlling interest is the portion of net assets of BSPEL/Migdal Mezzanine Limited, Back Bay (Guernsey) Limited and Hunter Acquisitions Limited not owned by the Company or BSPEL Mezzanine Funding Limited.

16. ISSUED SHARE CAPITAL AND RESERVES continued

Reserve Accounts continued

A reconciliation of the accumulated losses and capital reserves account can be seen below;

	2012 $'000	2011 $'000
Accumulated losses for the year ended 30 June 2012		
Balance at 1 July	(16,580)	(24,517)
Interest and dividend income	17,400	20,427
Expenses	(13,455)	(16,871)
Interest payable	(3,796)	(10,904)
Net foreign currency gains/(losses)	11,552	(16,446)
ZDP interest	(12,194)	(9,683)
Net (losses)/gains on investments	(91,300)	44,295
Non-controlling interest	6,595	(2,881)
Non-controlling interest ceded	-	-
Balance at 30 June	(101,778)	(16,580)

17. SHAREHOLDER WARRANTS

On 17 August 2009, the Company issued 58,075,764 shareholder warrants by way of a Bonus Issue on the basis of one warrant for every six US$ Equity Shares held as at that date. Each Warrant will confer the right (but not the obligation) to subscribe, for cash, for one US$ Equity Share at the Subscription Price on any Business Day during the period from 1 October 2009 until 30 June 2014 (both dates inclusive), after which the Subscription Rights under the Warrants will lapse.

Each Warrant will be capable of conversion into one US$ Equity Share upon exercise of the Subscription Right and on payment of the Subscription Price as set out below.

Notice of the exercise of the Subscription Right may be given by warrant holders at any time from 1 October 2009 until 30 June 2014 (both dates inclusive). The US$ Equity Shares issued pursuant to the exercise of Subscription Rights will be issued not later than 14 days after, and with effect from, the last day of the relevant calendar quarter in which the Subscription Notice was received by the Company.

The Subscription Prices, which have been determined by reference to the Net Asset Value of the Company as at 30 June 2009 are:

Date Subscription Notice received by the Company (inclusive)	Relevant Subscription Price
1 October 2009 to 30 June 2010	US$1.35 (being a 1% premium to the NAV per US$ Equity Share as at 30 June 2009)
1 July 2010 to 30 June 2011	US$1.37 (being a 2% premium to the NAV per US$ Equity Share as at 30 June 2009)
1 July 2011 to 30 June 2012	US$1.39 (being a 4% premium to the NAV per US$ Equity Share as at 30 June 2009)
1 July 2012 to 30 June 2013	US$1.45 (being an 8% premium to the NAV per US$ Equity Share as at 30 June 2009)
1 July 2013 to 30 June 2014	US$1.47 (being a 10% premium to the NAV per US$ Equity Share as at 30 June 2009)

The following table details warrants exercised in the year:

Exercise date	Conversion price	Number of warrants exercised	Number of shares issued
8 July 2011	US$1.37	1,593	1,593

At the year end there were 57,895,919 warrants outstanding. Subsequent to the year end, no further warrants were exercised.

18. MATERIAL AGREEMENTS

The Managers, Bear Stearns Asset Management Inc. and J.P. Morgan Asset Management UK are entitled to a base management fee, payable monthly in arrears of 1.0% per annum of the Company's Total Assets. The management fee due for the year was $6,991,990 (2011: $6,926,506) and the amount payable at the end of the year was $1,077,600 (2011: $1,707,876).

The Managers are also entitled to a performance fee if the aggregate Net Asset Value of the US$ Equity Shares and the ZDP Shares at the end of the performance period exceeds (i) the aggregate Net Assets at the start of the performance period by more than 8% and (ii) the highest previously recorded aggregate Net Asset Value of Equity and ZDP shares as at end of performance period of which performance fee was last paid.

The amount of such performance fee will be 7.5% of the total increase in aggregate Net Asset Value above the performance hurdle. The performance fee paid during the year was $NIL (2011: $NIL).

Macquarie Investment Management Limited ("MIML"), the sub-investment manager of MPCT is entitled to a management fee payable quarterly in arrears and is calculated as 1.0% per annum of the Gross Asset Value. Gross Asset Value for any quarter means the total value of all the private equity assets of the combined portfolio held by MPCT. The management fee incurred for the year was $939,276 (2011: $1,142,118) and the amount payable at the end of the year was $220,072 (2011: $303,629).

MIML is also entitled to a performance fee on the return of MPCT as a single entity. The performance fee is calculated on distributions, and is calculated as follows: Distributions of cash received (before any taxes that may be payable as a result of such distribution) through the disposition of, or dividends, interest or other income from or in respect of, the Combined Portfolio ("Distributions") will be apportioned between MIML and the Company in accordance with the following order of priority:

a) first, the Company will be entitled to 100% of the Distributions until the cumulative Distributions equal the Contributed Capital;
b) second, the Company will be entitled to 100% of the Distributions until the cumulative Distributions under this clause (b) are sufficient to provide the Company with an internal rate of return on the Company's Contributed Capital of 8% per annum, compounded annually (the Preferred Return);
c) third, MIML will be entitled to 50% of the Distributions until the cumulative Distributions are sufficient to provide MIML in aggregate, by way of performance fee, 3.75% of the cumulative Distributions made pursuant to clause (b) and this clause (c) ("the Catch Up"); and
d) fourth, the Company will be entitled to 92.5% of the cumulative Distributions, and MIML will be entitled to 7.5% of the cumulative Distributions by way of performance fee, after the Distributions in clause (a), (b) and (c) (the Split).

The performance fee paid to MIML during the year was $ Nil (2011: $ Nil).

Investment management fees incurred were as follows:

	2012 $'000	2011 $'000
JPEL	6,992	6,927
BSPEL Australia	939	1,142
Total	7,931	8,069

18. MATERIAL AGREEMENTS continued

On 4 July 2012 HSBC Management (Guernsey) Limited resigned as administrator, effective no later than 1 October 2012. HSBC Management (Guernsey) Limited was entitled to an annual fee in respect of administration and company secretarial services provided during the year before the date of resignation calculated on the Total Assets of the Company of 0.125% on the first $100 million, 0.1% on the next $50 million, 0.08% on the next $50 million and 0.05% on the balance subject to a minimum of $125,000. The fee was payable monthly in arrears. The administration fee due for the year is $913,224 (2011: $458,817) and the amount payable at the end of the year was $673,347 (2011: $151,930).

On 8 August 2012 the Guernsey Financial Services Commission approved Augentius (Guernsey) Limited as administrator and company secretary. Augentius (Guernsey) Limited is entitled to an annual fee in respect of administration and company secretarial services calculated on a flat fee basis of $189,000 per annum. The fee is payable monthly in arrears. The administration fee due for the year, including take on fees, is $109,565 and the amount payable at the end of the year was $48,250.

Administrative fees incurred were as follows:

	2012 $'000	2011 $'000
JPEL	1,083	459
BSPEL/Migdal Mezzanine	4	-
Total	1,087	459

19. BASIC AND DILUTED (LOSSES)/ EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

The basic and diluted earnings per share is based on the net loss for the year of $85,200,000 (2011: gain $7,937,000). The weighted average number of US$ Equity Shares in issue during the year for the Group was 385,106,022 (2011: 363,996,536).

Weighted average number of ordinary shares

In thousands of shares	Note	2012
Issued shares at 30 June 2011	16	356,878
Effect of shares issued on:		
8 July 2011	16	2
25 August 2011	16	(276)
30 August 2011	16	(150)
6 September 2011	16	(102)
6 September 2011	16	(131)
8 September 2011	16	(284)
8 September 2011	16	(284)
12 September 2011	16	35,782
13 September 2011	16	(80)
13 September 2011	16	(120)
14 September 2011	16	(88)
16 September 2011	16	(139)
21 October 2011	16	(69)
21 October 2011	16	(35)
14 November 2011	16	(100)
15 November 2011	16	(125)
15 November 2011	16	(125)
16 November 2011	16	(62)
7 December 2011	16	(71)
8 December 2011	16	(51)
15 January 2012	16	(30)
17 January 2012	16	(45)
18 January 2012	16	(22)
10 February 2012	16	(155)
13 February 2012	16	(120)
23 February 2012	16	(3,755)
27 February 2012	16	(8)
18 March 2012	16	(71)
19 March 2012	16	(28)
21 March 2012	16	(208)
23 March 2012	16	(136)
30 March 2012	16	(48)
2 April 2012	16	(24)
17 April 2012	16	(203)
22 April 2012	16	(19)
30 April 2012	16	(84)
3 May 2012	16	(151)
11 May 2012	16	(34)
22 May 2012	16	(53)
25 May 2012	16	(49)
6 June 2012	16	(16)
25 June 2012	16	(3)
29 June 2012	16	(1)
Weighted average number of ordinary shares at 30 June 2012		**385,106**

The Net Asset Value per share is based on the Net Asset Value for the year of $430,401,000 (2011: $483,784,000). The total number of US$ Equity Shares in issue during the year for the Group was 380,348,706 (2011: 356,877,850).

19. BASIC AND DILUTED (LOSSES)/ EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE continued

Weighted average number of ordinary shares

In thousands of shares	Note	2011
Issued shares at 30 June 2010	16	367,871
Effect of shares issued on:		
06 July 2010	16	12
06 October 2010	16	11
22 February 2011	16	(3,901)
21 April 2011	16	3
Weighted average number of ordinary shares at 30 June 2011		**363,996**

At year end the Warrants are out of the money and therefore do not have any dilutive effect on the Earnings Per Share.

20. RELATED PARTY TRANSACTIONS

JPMorgan Asset Management (UK) Limited, Bear Stearns Asset Management Inc. and JF International Management Inc. (the "Managers") are all related parties of the Group.

Please refer to Note 18 for a breakdown of investment management fees paid during the year.

Mr. Getschow is a senior executive of Bear Stearns Asset Management Inc, one of the Managers to the Group and a subsidiary of JPMorgan Chase & Co.

Other than Mr. Spencer who owns 30,067 US$ Equity Shares, no other Director holds directly or indirectly shares in the Group.

From 1 January 2011 Mr. Ash is entitled to receive Directors fees of £40,000 per annum, Mr. Loudon and Mr. Spencer are each entitled to receive Directors fees of £30,000 per annum. Mr Getschow has waived his right to Directors Fees.

21. POST BALANCE SHEET EVENTS

Subsequent to 30 June 2012 there have been a series of share buybacks purchased into treasury. These purchases are in accordance with the Group's policy to minimise any discount between the market price of its shares and the Company's net asset value.

The movement of the US$ Equity Shares after the year end was as follows:

	Date	Number of shares	Price
Balance as at 30 June 2012		380,348,706	
Share buyback	12 July 2012	(250,000)	$0.68
Share buyback	27 July 2012	(400,000)	$0.68
Share buyback	13 August 2012	(250,000)	$0.68
Share buyback	28 August 2012	(250,000)	$0.68
Share buyback	29 August 2012	(250,000)	$0.68
Share buyback	30 August 2012	(1,000,000)	$0.68
Share buyback	12 September 2012	(200,000)	$0.65
Balance as at 13 September 2012		**377,748,706**	

The movement of the ZDP 2013 Shares after the year end was as follows:

	Date	Number of shares	Price
Balance as at 30 June 2012		63,159,021	
Share buyback	28 August 2012	(10,000)	£0.71
Share buyback	29 August 2012	(100,000)	£0.71
Share buyback	30 August 2012	(100,000)	£0.72
Share buyback	12 September 2012	(200,000)	£0.72
Balance as at 13 September 2012		**62,749,021**	

On 4 July 2012 the board informed HSBC Management (Guernsey) Limited that the agreement in respect of administration and company secretarial services would be terminated by written notification with an effective date no later than 1 October 2012. An amount of $600,000 is payable to HSBC Management (Guernsey) Limited to cover all services provided up until termination and to settle all outstanding claims arising out of or in connection with the agreement. This amount is payable in three equal instalments of $200,000 on or before 15 July 2012, 15 July 2013 and 15 July 2014. The first payment of $200,000 was paid on 24 July 2012.

On 9 July 2012 the revolving loan facility with Lloyds TSB (formerly with Bank of Scotland) was extended to 2 July 2015 and amended to €25,000,000 bearing interest at a rate of LIBOR, or if the loan is in Euro EURIBOR, plus 4.5%.

On 5 September 2012 at the Company's AGM the following special resolutions were passed:

- The limits on borrowing were amended to 30 per. cent of the Total Assets of the Company.
- The final capital entitlement ("FCE") dates of each of the Company's three classes of ZDP Shares were amended as follows:
  - The FCE date for JPEL's 2013 ZDP Shares is now 28 April 2013.
  - The FCE date for JPEL's 2015 ZDP Shares is now 31 October 2015.
  - The FCE date for JPEL's 2017 ZDP Shares is now 31 October 2017.
- Increased the minimum cover under the ZDP Test from 1.3 times to 2.0 times, as defined in the Company's Articles.

22. SUPPLEMENTARY NET ASSETS OF THE COMPANY

The following table reconciles unaudited 30 June 2012 NAV per US$ Equity Share of $1.14 as released on 10 August 2012 and audited NAV per US$ Equity of $1.13 referenced in the table above:

	2012 $'000	Per share $
Unaudited NAV released on 10 August 2012	434,457	1.14
Change in fair market value	(4,056)	(0.01)
Audited NAV released on 25 October 2012	**430,401**	**1.13**

23. SCHEDULE OF INVESTMENTS

	2012 $'000	2011 $'000
10th Lane Finance Co., LLC	7,399	7,037
ABN Amro Capital Australia Fund II	529	1,095
Aisling Capital Partners II, LP	1,575	1,380
Aksia Capital III	3,923	6,709
Alia Capital Fund I C.V.	2,170	2,668
Alto Capital II	5,434	5,276
Apollo International Real Estate Fund	670	660
Apollo Investment Fund V, L.P.	2,065	2,038
Apollo Real Estate Investment Fund IV, L.P.	1,044	1,054
Aqua Resources Fund Limited	1,769	-
Argan Capital Fund	10,380	10,498
Arlington Capital Partners II, L.P.	2,178	2,619
Arrow Path Fund II, L.P.	1,324	1,135
Australasian Media and Communications Fund 2 C	1,134	1,590
Avista Capital Partners (Offshore), L.P.	12,964	18,612
Bain Capital Fund VI, L.P.	8	23
Beacon India Private Equity Fund	8,751	10,507
Bear Stearns Global Turnaround Fund LP	28,395	36,968
Bear Stearns Private Opportunity Ventures, L.P.	2,963	3,799
Black Diamond Capital Management	5,009	4,887
Blackstone Capital Partners IV, L.P.	3,411	4,399
Blackstone Capital Partners V, L.P.	6,180	6,178
Blackstone Real Estate Partners IV, L.P.	1,499	1,736
Blue River Capital I, LLC	9,277	9,437
BoS Mezzanine Partners, LP	90,928	123,410
Britania Investments S.a.r.l	3,029	-
Candover 2001 Fund	329	506
Candover 2005 Fund	2,163	2,940
Carlyle Asia Partners II, L.P.	4,060	4,163
Carlyle/Riverstone Global Energy and Power Fund III	5,309	5,999
Carlyle/Riverstone Renewable Energy Infrastructure Fund I	1,487	2,259
Catalyst Buyout Fund 1A	5,137	5,618
Catalyst Buyout Fund 1B	5,137	5,618
Ceram Polymerick CN	7	6
Charterhouse Captital Partners VIII	4,968	5,324
China Media Enterprises Limited	54,635	54,634
Clearwater Capital Partners Fund I, L.P.	2,904	3,990
Clearwater Capital Partners Opportunities Fund (Cayman) Ltd.	266	398
Colony Investors VI, L.P.	166	340
CPC RD Investment LLC	2,805	3,483

23. SCHEDULE OF INVESTMENTS continued

	2012 $'000	2011 $'000
Dolphin Communications Fund II, L.P.	69	155
Doughty Hanson & Co. Technology Fund	282	619
EDC Holdings Company LLC; EF Mark Development I, Inc.	-	3,314
Esprit Capital I Fund	5,596	11,572
Esprit Capital III L.P.	1,303	248
Evergreen International Aviation	-	4,731
Freescale Semiconductor, Inc.	623	1,087
GBS3 Bio Ventures	2,691	2,662
Gemini Israel III, L.P.	164	164
Global Buyout Fund, L.P.	5,293	6,320
Global Opportunistic Fund	4,403	9,524
Green Investors III, L.P.	169	169
Gridiron Capital Fund, L.P.	4,597	4,667
Guggenheim Aviation Offshore Investment Fund II, L.P.	11,618	9,732
Gulf Healthcare International LLC	8,059	5,990
HG Capital V, L.P.	2,145	2,226
Highstar Capital III Prism Fund, L.P.	4,881	4,480
Hupomone Capital Fund, L.P.	2,610	4,127
Hutton Collins Capital Partners II LP	2,920	4,207
Industry Ventures Acquisition Fund, L.P.	3	18
Industry Ventures Acquisition Fund, L.P. (MPCT)	7	47
Industry Ventures Fund IV, L.P	2,971	3,158
Industry Ventures Fund IV, L.P. (MPCT)	3,296	3,343
Industry Ventures Fund V, L.P	4,367	4,916
Industry Ventures Fund V-A, L.P.	5,445	-
Industry Ventures Fund VI, L.P.	1,599	52
Leeds Equity Partners IV Co-Investment Fund A, L.P.	4,060	13,945
Leeds Equity Partners IV, L.P.	8,113	9,018
Leeds Equity Partners V, L.P.	7,624	4,981
Liberty Partners II, L.P.	18,004	21,566
Life Sciences Holdings SPV I Fund, L.P.	18,768	21,231
Luxury Optical Holdings Co.	1,926	1,852
Macquarie Alternative Investment Trust I	2,156	7,060
Macquarie Alternative Investment Trust II	6,460	16,651
Macquarie Alternative Investment Trust III	7,189	9,408
Macquarie European Infrastructure Fund	5,228	9,561
Macquarie True Index Cash Fund	3,992	20,166
Macquarie Wholesale Co-investment Fund	7,905	10,935
Main Street Resources I, L.P.	1,080	1,744
Main Street Resources II, L.P.	3,743	3,183
Markstone Capital Partners, L.P.	2,564	3,247
Milestone 2010, L.P	5,604	5,872
Milestone Link Fund, L.P.	9,804	17,566
Montagu III L.P.	3,546	3,883
Morning Street Partners, L.P.	818	877
Olympus Capital Asia III (Offshore), L.P.	2,330	1,955
Omega Fund III, L.P.	5,836	7,572
Omega Fund IV, L.P.	293	-
Oxford Bioscience Partners IV, L.P.	487	682
Parallel Ventures Limited Partnership and Parallel Private Equity Limited Partnership	63,154	-

23. SCHEDULE OF INVESTMENTS continued

	2012 $'000	2011 $'000
PCG Special Situations Partnership	4,416	5,379
Primopiso Acquisition S.a.r.l	17,552	17,749
Private Equity Access Fund II Ltd	4,608	6,650
Providence Equity Partners IV, L.P.	519	2,221
Quadrangle Capital Partners, L.P.	888	1,034
Quadrant Private Equity No 1 LP	18	970
Quadrant Private Equity No 1A	333	434
Quadrant Private Equity No 1B	333	434
Realza Capital Fondo, FCR	1,131	1,330
Starfish Ventures Pre-Seed	301	255
Stoneleigh Back Bay Associates LLC	7,506	7,458
Strategic Value Global Opportunities Feeder Fund I-A, LP	3,025	4,301
Strategic Value Global Opportunities Master Fund, LP	3,617	5,908
SVE Star Ventures	567	640
Targa Resources Corp.	32	-
Terra Firma Deutsche Annington L.P.	1,905	2,158
Terra Firma Deutsche Annington L.P. (JPEL TF Limited)	41,674	47,200
Thomas H. Lee Equity Fund V, L.P.	1,569	2,251
Trumpet Feeder Ltd	4,639	3,904
United Road Services, Inc.	-	2,402
Warburg Pincus Private Equity VIII, L.P.	4,211	5,440
Wellington Partners Ventures II GMBH & CO.KG (B)	1,032	1,241
Wellington Partners Ventures III Life Science Fund L.P.	1,789	1,988
Total market value of Investments held by the Group	**670,841**	**760,823**

Information about the Company

DIRECTORS:	Trevor Charles Ash (Chairman) Gregory Getschow John Loudon Christopher Paul Spencer
MANAGERS (as to the Private Equity Portfolio):	BEAR STEARNS ASSET MANAGEMENT INC. c/o J.P. Morgan Asset Management 270 Park Avenue New York 10017 United States of America
	JPMORGAN ASSET MANAGEMENT (UK) LIMITED 125 London Wall London EC2Y 5AJ
	JF INTERNATIONAL MANAGEMENT INC Chater House 8 Connaught Road Hong Kong
ADMINISTRATOR AND COMPANY SECRETARY:	AUGENTIUS (GUERNSEY) LIMITED Carinthia House 9-12 The Grange St Peter Port Guernsey GY1 4BF
INDEPENDENT AUDITOR:	PricewaterhouseCoopers CI LLP Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND
SOLICITORS TO THE GROUP (as to English and US law):	HERBERT SMITH FREEHILLS LLP Exchange House Primrose Street London EC2A 2HS United Kingdom
LEGAL ADVISERS TO THE GROUP (as to Guernsey Law):	CAREY OLSEN 7 New Street St Peter Port Guernsey GY1 4BZ
REGISTRAR:	CAPITA IRG (CI) LIMITED 2nd Floor 1 Le Truchot St Peter Port Guernsey GY1 4AE
REGISTERED OFFICE:	Carinthia House 9–12 The Grange St Peter Port Guernsey GY1 4BF