



**J | P | E | L**  
J.P. Morgan Private Equity Limited

**Unaudited Interim Report  
and Financial Statements**

for period ended 31 December 2009



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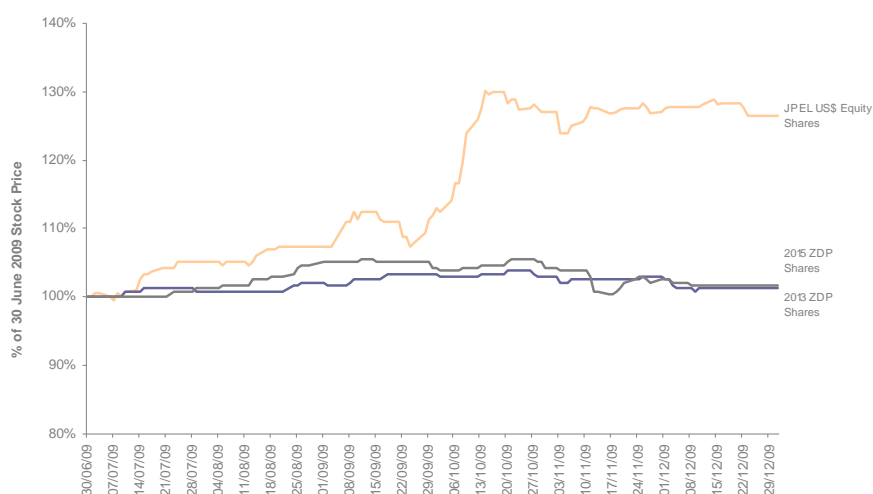
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## Financial Highlights *(Company Information)*

### Overview

	<b>31 December 2009</b>
<b>Equity Shares</b>	
NAV per Share	\$1.28
Share Price	\$1.22
Shares in Issuance	367.7m
<b>2013 ZDP Shares</b>	
NAV per Share	57.06p
Share Price	59.50p
Shares in Issuance	63.4m
<b>2015 ZDP Shares</b>	
NAV per Share	53.10p
Share Price	59.50p
Shares in Issuance	69.4m
<b>JPEL Warrants<sup>1</sup></b>	
Warrant Price	\$0.17
Warrants in Issuance	58.1m
<b>Balance Sheet</b>	
Investments at Fair Market Value	\$558.7 m
Bank Deposits	129.6 m
Net Current Assets <sup>2</sup>	128.2 m
Credit Facility <sup>3</sup>	(98.5 m)
Other Liabilities <sup>4</sup>	(1.5m)
<b>Total Net Asset Value</b>	<b>\$588.4 m</b>
<b>Foreign Exchange Rate (£ : \$)</b>	<b>1.617</b>

### Performance: 30 June 2009 through 31 December 2009



Past performance is not a reliable indicator of future results.

(1) JPEL issued warrants free of subscription cost to shareholders on record as of 17 August 2009. The warrants are publicly traded on the London Stock Exchange under the symbol "JPWW."

(2) Includes accrued performance fees, accounts payable, accrued expenses, and accrued interest income.

(3) On 8 May 2008, J.P. Morgan Private Equity Limited entered into a \$100 million secured credit facility.

(4) Includes fee accruals and other payables.

## Overview

J.P. Morgan Private Equity Limited (“JPEL” or the “Company”) is a Guernsey registered and incorporated London Stock Exchange traded closed-ended investment company (LSE: JPEL, JPEZ, JPZZ) designed primarily to invest in the global private equity market. The fair value of the Company’s total private equity portfolio as at 31 December was \$558.7 million.

JPEL held its initial public offering on 30 June 2005 under the name “Bear Stearns Private Equity Limited”. The Company currently has three classes of shares: Equity Shares, 2013 Zero Dividend Preference Shares (“2013 ZDP Shares”) and 2015 Zero Dividend Preference Shares (“2015 ZDP Shares”). At 31 December 2009, 2013 ZDP Shares made up 9.9% of total capital, 2015 ZDP Shares made up 10.1% of total capital and Equity Shares made up the remaining 80.0%.

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 Semi-Annual Report, there were 58,075,764 warrants in issuance.

JPEL is managed by Bear Stearns Asset Management Inc. (“BSAM Inc.” or the “Manager”), a wholly-owned subsidiary 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 in June 2005, became part of J.P. Morgan Asset Management. The Company has entered into a management agreement with the Manager 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 who are independent. The Directors are responsible for the determination of the Manager’s investment policy and have overall responsibility for the Company’s activities.

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$2 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.

## Strategy

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

- acquire secondary market portfolios of direct fund investments, significantly invested partnership interests and partially drawn commitments, with a goal of accelerating Net Asset Value development;
- opportunistically invest in buyout, special situation, venture capital and other fund investments throughout the world based on attractive transaction values, advantageous market conditions and compelling risk-adjusted return potential;
- obtain exposure to individual companies by co-investing alongside private equity sponsors in companies that offer the potential for substantial equity appreciation;
- diversify its portfolio by manager, industry, geography, investment stage and vintage year; and
- actively manage the Company’s portfolio by repositioning its investment composition from time to time in efforts to capitalise on changes in private equity market conditions.

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

## Chairman's Statement

I am pleased to report that during the six months ending 31 December 2009, which was a period of turmoil for the listed private equity market, JPEL succeeded in strengthening its balance sheet and securing fresh investment capital to take advantage of market opportunities. In this regard, over the past two quarters JPEL has completed oversubscribed offerings of US\$ Equity and 2015 ZDP Shares, raising over \$140 million in fresh capital and reducing unfunded commitments. These noteworthy achievements have been reflected in the Company's share price, which increased 26.6% over the six months ending 31 December 2009.

**JPEL completed oversubscribed offerings of US\$ Equity and 2015 ZDP Shares, raising over \$140 mm.**

As discussed in detail in the Company's Annual Report dated 30 June 2009, since the onset of the credit crisis, the Manager has placed particular emphasis on reinforcing the Company's balance sheet and positioning the underlying portfolio for a period of economic uncertainty. The Manager has also focused its efforts on clearly differentiating JPEL's investment strategy from its competitors. Of particular note, the Company has completed the following initiatives:

- **Raised \$140mm of new capital:**
  - During the summer of 2009, JPEL raised \$93.4 million in a series of over subscribed offerings of new US\$ Equity Shares.
  - In November 2009, JPEL raised a further £30 million in an over subscribed offering of 2015 ZDP Shares.
  - The Company now has significant capital to purchase assets from distressed and motivated sellers over the next several quarters.
- **Reduced unfunded obligations:** JPEL has further reduced its unfunded commitments by approximately 10% during the fourth quarter of 2009. JPEL currently has significant private equity asset coverage as compared to unfunded obligations. For every \$1 of unfunded commitments, the Company has over \$4 of private equity assets. This compares favorably to that of the Company's listed private equity multi-manager peers.<sup>1</sup>
- **Differentiated investment strategy:** The Company increased its public relations efforts in order to highlight its secondary investment strategy, the Manager's expertise in acquiring assets in the secondary market, as well as the quality of the underlying portfolio.

### Investment Activity

After a period of limited investment activity, the recent fundraisings have positioned JPEL to take advantage of attractive opportunities in the secondary market. At the end of June and August 2009, JPEL closed on two investments at deep discounts to reported value. The first investment was a secondary investment in European Life Sciences Holding Vehicle. This vehicle was created to purchase the complete portfolio of an older vintage private equity fund. The portfolio included 13 companies primarily focused on the pharmaceutical industry.

(1) Source: Bloomberg, Company data. JPEL NAV and unfunded commitments based on 31December 2009 results. Peer group includes multi-manager listed private equity funds and is based on most current data available. 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, ABSP, HPEQ, FPEO, NBPE, HVPE, SEP.

## Chairman's Statement *(Continued)*

JPEL's second transaction was a secondary investment in Milestone Link Fund, L.P, a 2002 vintage year buyout fund with positions in two European companies. The portfolio is comprised of a healthcare equipment provider in France and a UK manufacturer and distributor of underlay and flooring accessories.

Subsequent to 31 December 2009, the Company completed two investments also at significant discounts to reported value. In January 2010, JPEL completed a secondary investment in Beacon India Private Equity Fund, an India-focused growth capital private equity fund sponsored by Baer Capital Partners. The portfolio is diversified with company holdings in the energy, real estate, and consumer retail industries. In February 2010, JPEL completed a secondary co-investment in China Media Enterprises Limited, the third largest outdoor advertising company in Hong Kong.

Over the past few months, there have been initial signs of an improving M&A and IPO market. This has partially benefited JPEL as its second largest company position, Education Management Company (NASDAQ: EDMC), went public on 1 October 2009. In addition, two JPEL portfolio companies MyFamily (NASDAQ: ACOM) and Kathmandu (NZSE: KMD, ASX: KMD) completed initial public offerings during the second half of 2009. For the quarter ending 31 December 2009 the Company received distributions of \$13.5 million which nearly offset the \$14.2 million of capital calls received by the Company.

### Performance

On the back of significant balance sheet improvements, the Company's US\$ Equity Share price increased 26.6% from \$0.96 at 30 June 2009 to \$1.22 at 31 December 2009. The Company's US\$ Equity Shares continued to outperform the LPX® Composite Index, S&P 500 and MSCI World (USD) for the same period.<sup>1</sup> As at 18 February 2010, the Company traded at a 6.3% discount to net asset value, which was considerably less than the selected peer group average of 47.7%.<sup>2</sup>

NAV per US\$ Equity Shares finished the period at \$1.28, based on financial reports received from private equity sponsors dated 30 September 2009. The 31 December 2009 NAV does not yet reflect underlying portfolio company valuations at 31 December 2009. While the equity markets have appreciated in the months following 30 September 2009, the Manager believes that the potential benefit of the market rebound has not been reflected in the valuations of the underlying private equity sponsors and subsequently is not reflected in the Company's 31 December NAV.

JPEL's 2013 ZDP Shares continue to perform well. The NAV of 2013 ZDP Shares rose 3.6% during this period, from 55.06p to 57.06p per share. JPEL's 2013 ZDP Share price has increased 38.4% since inception, closing at 59.5p on 31 December 2009.

In response to a successful offering of JPEL's 2015 ZDP Shares, both the NAV and share price continue to perform well. The NAV of 2015 ZDP Shares rose 4.3% during this period, from 50.93p to 53.10p per share. JPEL's 2015 ZDP Share price has increased 16.7% since inception, closing at 59.5p on 31 December 2009.

JPEL's Warrants have also demonstrated strong performance. The warrants posted an initial trade value of \$0.13 on 20 August 2009 and closed the 2009 calendar year at \$0.17, representing an increase of 30.8%.

(1) Source: Bloomberg, 31 December 2009. Past performance is not an indication of future performance. www.lpx.ch, Manager. The LPX® Composite is a broad global Listed Private Equity (LPE) index whose number of constituents is unlimited. 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 index is used for comparison purposes only. It should not be assumed that the portfolio will invest in any specific stocks that comprise the index.

(2) Source: Cazenove Alternative Statistics, Bloomberg as at 18 February 2010. 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, ABSF, HPEQ, FPEO, NBPE, HVPE, SEP

## Chairman's Statement (*Continued*)

**JPEL's Equity Share price has rebounded approximately 70% since 3 April 2009<sup>3</sup>**

### Market Outlook

Although there are signs of stabilization, the Manager expects the market environment to remain challenging. With respect to JPEL's activity, near-term challenges include uncertain economic market and on-going volatility in the foreign exchange markets. However, challenging market conditions create attractive investment opportunities for purchasing secondary interests.

• *Deal flow activity:* During the fourth quarter of 2009 there was a significant pick-up in buyout deal volume. In the U.S., \$17.2 billion worth of deals were announced according to *Dealogic*, making it easily the best quarter since Lehman Brothers Holdings Inc. declared bankruptcy during the second half of 2008. This figure marks an impressive increase from both the third quarter's \$7.4 billion and the year-ago fourth quarter's \$5.1 billion.<sup>1</sup>

- *Portfolio volatility:* Much of the decline in private equity valuations can be attributed to a combination of accounting rules, global devaluation in the public equity markets and high usage of leverage in private equity transactions. Volatile public markets, combined with the recent accounting procedures that require private equity firms to estimate "fair value" based on public market comparables (amongst other factors), has contributed to the increase in volatility of private company valuations.
- *Foreign exchange:* The second half of 2009 witnessed continued volatility in foreign exchange markets. For instance, the Australian Dollar appreciated over 11% against the US Dollar from 30 June 2009 to 31 December 2009<sup>2</sup>, while the Euro appreciated over 2% against the US Dollar during this same period. As a globally diversified company, JPEL has investments in more than four currencies which expose the Company directly to the foreign exchange markets. Subsequent to 31 December 2009, in response to the substantial decline in value of the Euro vs. the US Dollar, JPEL entered into a foreign exchange option contract to hedge approximately 50% of its Euro exposure against the US Dollar.

As general private equity deal activity and capital calls begin to accelerate, the Company expects to continue to generate increased secondary investment deal flow as distressed sellers seek to exit their private equity investments. The Manager will continue to focus on maintaining a strong balance sheet and will selectively pursue investments with strong defensive characteristics that have the potential to drive net asset value growth.

I remain confident that JPEL will continue to thrive in the current market environment and continue to be recognized as a strong, well capitalized, market innovator in the listed private equity asset class. I believe that the Company's unique strategy, structure and diversified portfolio are further reflected in JPEL's recent stock price appreciation and narrow discount to NAV. In conclusion, since its inception on 30 June 2005, JPEL has built a strong portfolio with exposures to 164 funds and over 1,500 companies in 35 countries and aims to employ the "right investment strategy" within the "right structure" to build the "right portfolio" for these challenging economic times.

I would like to thank shareholders for the support and the continued confidence that they have placed in the Company and in its ability to successfully execute its private equity investment strategy.

Trevor Ash  
Chairman  
26 February 2010

(1) Source: The Wall Street Journal dated 13 January 2010, *Buyout Deal-Makers End Down Year On An Up Note*, by Shasha Dai.

(2) Source: Bloomberg.

(3) Source: Bloomberg, 31 December 2009. Past performance is not an indication of future performance.

## Corporate Actions

- On 16 July 2009, pursuant to the approvals granted by shareholders, the Company announced that it had received applications for 36,926,479 new US\$ Equity Shares pursuant to the Open Offer made to shareholders at an issue price of US\$1.00 per share. The applications represented the acceptance of pre-emptive demand from existing investors totaling US\$36.9 million to the Company.
- On 17 July 2009, under a tap issue placing the Company issued 3,550,000 US\$ Equity Shares at a price of US\$1.00 per share.
- On 31 July 2009, under a tap issue placing, the Company issued 12,812,050 US\$ Equity Shares at a price of US\$1.00 per share.
- On 7 August 2009, under a tap issue placing, the Company issued 6,234,583 US\$ Equity Shares at a price of US\$1.00 per share.
- On 12 August 2009, the Company issued 15,703,886 US\$ Equity Shares at a price of US\$1.00 per share. 12,760,580 US\$ Equity Shares were issued under a tap issue placing and 2,943,306 US\$ Equity Shares were issued out of treasury.
- On 28 August 2009, the Company issued 3,144,965 US\$ Equity Shares at a price of US\$1.00 per share. 1,276,070 US\$ Equity Shares were issued under a tap issue placing and 1,868,895 US\$ Equity Shares were issued out of treasury.
- On 24 September 2009, the Company issued 15,104,710 US\$ Equity Shares at a price of US\$1.00 per share. 127,607 US\$ Equity Shares were issued under a tap issue placing and 14,977,103 US\$ Equity Shares were issued out of treasury.
- On 18 August 2009, in connection with a bonus issue of warrants to the holders of US\$ Equity Shares, the Company issued 58,075,764 warrants. The warrants may be exercised in relation to the purchase of US\$ equity shares during the period from 1 October 2009 through 30 June 2014. The warrants trade on the main market of the London Stock Exchange under the ticker “JPWW” (ISIN: GG00B60XDY53, SEDOL: B60XDY53). Documents relating to the warrants can be found on the Company’s website ([www.jpelonline.com](http://www.jpelonline.com), [www.jpelonline.co.uk](http://www.jpelonline.co.uk)) under the “Investor Information” and “Shareholder Documents” links.
- On 17 November 2009, the Company issued 53,333,333 2015 ZDP Shares at a price of 56.25p per share.



## Responsibility Statement

The Directors confirm to the best of their knowledge:

- a. The condensed half year financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting; and
- b. The Interim Report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules 4.2.7R; and
- c. The Interim Report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules 4.2.8R (disclosure of related party transactions and changes therein).

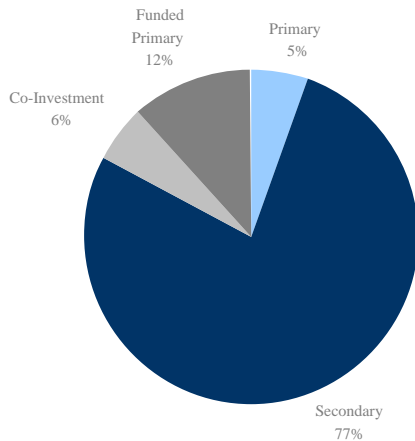
The Interim Report was approved by the Board on 26 February 2010 and the above Responsibility Statement was signed on its behalf by

Trevor Ash  
Chairman

## Portfolio Review

Since inception, a principle of JPEL’s investment strategy has been to build a well diversified, global private equity portfolio. The charts below illustrate JPEL’s diversification based on the total value of investments as at 31 December 2009.

### Investment Type<sup>1</sup>

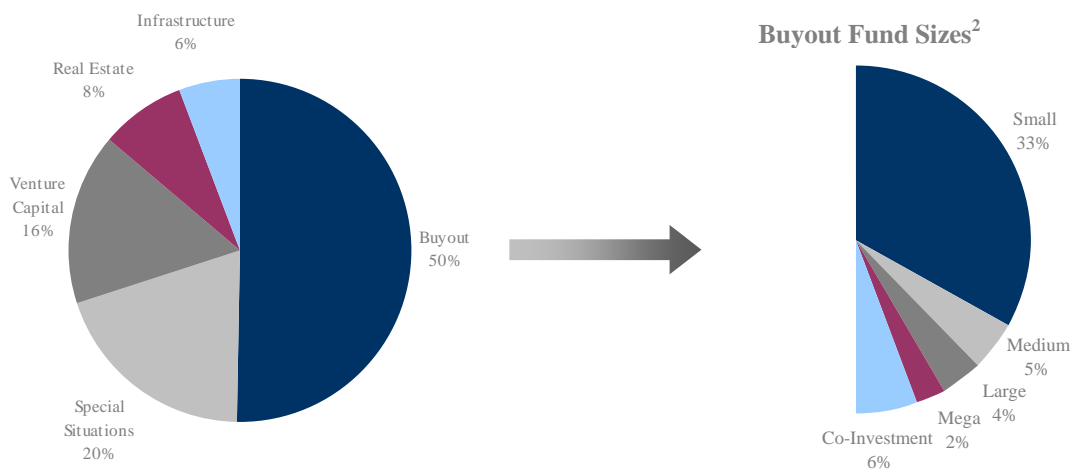


JPEL’s core investment strategy is to purchase private equity fund interests in the secondary market. Secondary investing permits the Company to deploy capital into seasoned private equity assets and often leads to an accelerated pace of distributions and net asset value growth. As at 31 December 2009, 77%, or approximately \$432 million of private equity NAV was invested through secondary purchases of private equity funds.

The Company will also acquire funded primary commitments, whereby JPEL purchases interests in portfolios that are already partially drawn down. These investments accounted for 12% of private equity NAV.

Primary investments and Co-investments represented 5% and 6% of the portfolio, respectively.

### Investment Strategy<sup>1</sup>



Through an active approach to investment management, JPEL’s Manager is able to adjust the composition of the Company’s portfolio. Currently, buyout funds constitute approximately 50% of the portfolio. Within this strategy, the majority of JPEL’s investments are with fund managers that focus on small to medium sized buyouts, which generally utilize less leverage. In recent years, JPEL has increased its focus on special situations funds including, mezzanine, debt, turnaround and distressed funds that may fair better in constricted markets. Special situation funds represent approximately 20% of private equity net asset value. Infrastructure and venture capital funds represent 6% and 16% of private equity net asset value, respectively. Capitalizing on distressed sellers, JPEL has added to its real estate portfolio over the past 18 months. Real estate opportunity funds currently represent 8% of JPEL’s portfolio.

(1) Based on total investment value as at 31 December 2009, percentages based on underlying fund-level values

(2) Buyout Fund Size breakdown is defined as: Small: \$0 - \$500 million; Medium: \$500 million - \$2 billion; Large: \$2 billion - \$5 billion; Mega: over \$5 billion.

## Portfolio Review *(Continued)*

### Portfolio Age<sup>1</sup>

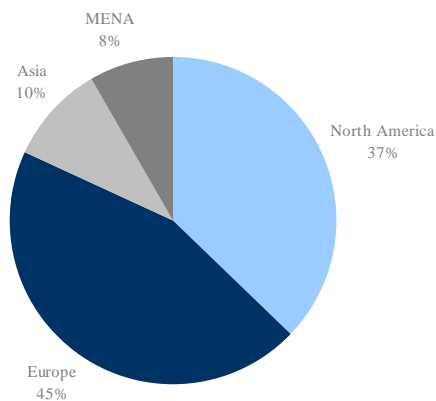
#### Average age of Portfolio by Investment Strategy

<b>Average age of investments:</b>	<b>4.4 years</b>
Buyout investments:	3.7 years
▪ Small buyout:	3.5 years
▪ Medium buyout:	3.4 years
▪ Large buyout:	4.5 years
▪ Mega buyouts:	4.3 years
Venture Capital investments:	7.5 years
Real Estate investments:	4.3 years
Special Situations:	3.4 years
Infrastructure investments:	3.4 years

The Manager also considers vintage year and portfolio age when allocating capital.

With an average age of 4.4 years, JPEL’s portfolio is well positioned on the private equity “J-Curve” to receive distributions once markets normalize.

### Geographic Footprint<sup>2</sup>



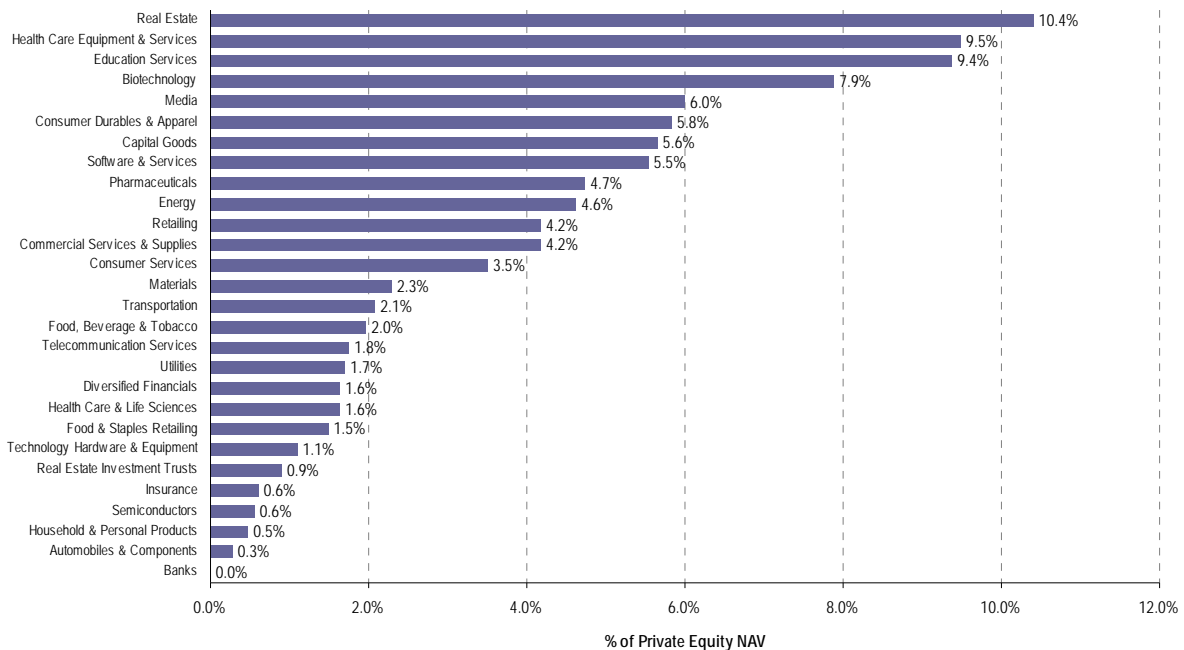
JPEL has constructed a globally diversified private equity portfolio. At 45%, the largest portion of the portfolio is invested in Europe, while North America comprises 37% of the portfolio. Over the past three years, the Manager has expanded its investment activity in Asia and MENA (Middle East / North Africa region); these regions now represent 10% and 8%, respectively.

(1) Source: Manager. Average age of investments is based on the vintage year in which each individual portfolio company investment was made, subject to availability. Weighting is based on underlying portfolio company level values. Age calculated at 31 December 2009. Average is weighted based on private equity investment value as at 31 December 2009, percentages based on underlying company-level values.

(2) Based on total investment value as at 31 December 2009, percentages based on underlying company-level values.

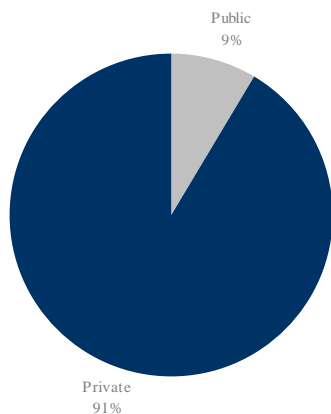
## Portfolio Review (Continued)

### Industry Composition<sup>1</sup>



Industry diversification is an important consideration for the Manager. Over the past several quarters, the Company has emphasized opportunities in industries that have counter-cyclical or defensive characteristics. As at 31 December 2009, health care and education services represent two of the top three industry exposures.

### Public Market Exposure<sup>1</sup>



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

As at 31 December 2009, 9% of JPEL's portfolio had exposure to the public markets. JPEL's exposure to the public markets has increased over the past quarter, due to the public offering of one of the Company's co-investments.

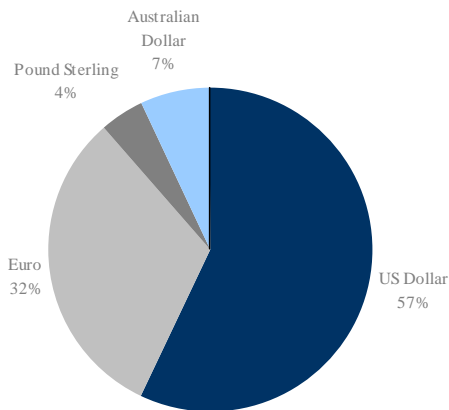
(1) Based on total investment value as at 31 December 2009, percentages based on underlying company-level values.



## Currency Exposure

The six month period ending 31 December 2009 witnessed continued volatility in the global currency markets. The Manager continues to monitor JPEL's exposure to foreign currencies and takes currency exposure into consideration when selecting investments. The currency composition of JPEL's assets may change as the Company continues to pursue an investment policy focused on geographic diversification.

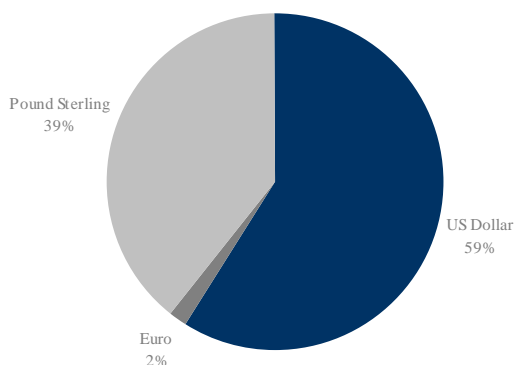
### Currency Composition<sup>1</sup>



As at 31 December 2009, JPEL's total investments were valued at \$558.7 million. Investments held in US Dollars made up approximately 57% of the portfolio, while investments held in Euro, Pounds Sterling and the Australian Dollar comprised 32%, 4%, and 7%, respectively.

The Manager will continue to pursue investments that will likely enhance currency diversification and reduce overall exposure risk.

### Cash Account Holdings<sup>2</sup>



JPEL ended the calendar year with total cash balances of \$129.6 million.

Approximately 59% of JPEL's cash balance was held in US Dollars, 39% was held in Pounds Sterling and 2% in Euros.

Subsequent to 31 December, JPEL converted the majority of its Pounds Sterling exposure to US Dollars.

(1) Based on total investment value as at 31 December 2009, percentages based on underlying fund-level values.

(2) Based on total cash holdings as at 31 December 2009.

## Top 20 Funds & Companies Information

### Top 20 Funds<sup>1,2</sup>

	Fund Name	Strategy	Region	% of Total Investments
1	Terra Firma Deutsche Annington	Real Estate	Europe	7.9%
2	Global Opportunistic Fund	Buyout	MENA	5.4%
3	Liberty Partners II	Buyout	North America	4.5%
4	Avista Capital Partners (Offshore)	Buyout	North America	4.3%
5	Omega Fund IV	Venture Capital	Europe	4.1%
6	AIG Highstar Capital III Prism Fund	Infrastructure	North America	3.3%
7	Omega Fund III	Venture Capital	Europe	3.2%
8	Esprit Capital I Fund	Venture Capital	Europe	2.9%
9	Milestone Link Fund	Buyout	Europe	2.9%
10	Alcentra Euro Mezzanine No1 Fund	Special Situations	Europe	2.5%
11	Almack Mezzanine I Fund LP	Special Situations	Europe	2.3%
12	Leeds Equity Partners IV Co-Investment Fund A, L.P.	Buyout	North America	2.3%
13	Macquarie Wholesale Co-investment Fund	Buyout	Asia	2.1%
14	Global Buyout Fund, L.P.	Buyout	Other	2.1%
15	Hutton Collins Capital Partners II LP	Special Situations	Europe	2.0%
16	Leeds Equity Partners IV, LP	Buyout	North America	1.9%
17	Strategic Value Global Opportunities Master Fund, LP	Special Situations	North America	1.7%
18	Strategic Value Global Opportunities Feeder Fund I-A, LP	Special Situations	North America	1.7%
19	Guggenheim Aviation Offshore Investment Fund II, L.P.	Special Situations	North America	1.5%
20	Argan Capital Fund	Buyout	Europe	1.3%

### Top 20 Companies<sup>1,2</sup>

	Company Name	Industry Group	Country	% of Total Investments
1	Deutsche Annington Immobilien Group	Financials	Germany	7.9%
2	Concorde Career Colleges	Consumer Discretionary	United States	3.5%
3	Education Management Corporation	Consumer Discretionary	United States	3.4%
4	FibroGen Europe	Health Care	Finland	3.0%
5	Paratek	Health Care	United States	2.9%
6	HGX Private Equity Fund LP	Consumer Discretionary	Germany	2.5%
7	Gulf Healthcare International	Health Care	United Arab Emirates	2.0%
8	InterFloor	Consumer Discretionary	United Kingdom	1.8%
9	WinnCare	Health Care	France	1.8%
10	Knight Holdco	Energy	United States	1.7%
11	Nycomed	Health Care	Denmark	1.0%
12	Step 2 Holdings	Consumer Discretionary	United States	1.0%
13	FibroGen	Health Care	United States	0.9%
14	HHH Ports America Holdings I	Industrials	United States	0.8%
15	Lantheus	Health Care	United States	0.8%
16	Everis Spain	Information Technology	Spain	0.7%
17	Ajlan & Brothers Company 1	Consumer Discretionary	Saudi Arabia	0.7%
18	Amart All Sports	Consumer Discretionary	Australia	0.7%
19	EduK	Consumer Discretionary	United States	0.7%
20	Zena	Consumer Discretionary	Spain	0.7%

(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., HGX Private Equity Fund LP, 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 31 December 2009 total investment value.

## Condensed Consolidated Statement of Comprehensive Income - Unaudited

For the period ended 31 December 2009

	Notes	01/07/2009 to 31/12/2009	01/07/2008 to 31/12/2008
		£'000	£'000
<b>Investment income</b>	1	<u>2,731</u>	<u>1,321</u>
<b>Expenses</b>			
Investment management fee		(2,514)	(2,205)
Administrative fee		(124)	(126)
Audit fee		(32)	(62)
Directors' fees		(106)	(54)
Other expenses		(1,224)	(1,014)
<b>Total Expenses</b>		<u>(4,000)</u>	<u>(3,461)</u>
<b>Net loss before finance costs</b>		(1,269)	(2,140)
<b>Finance costs</b>			
Interest payable on bank borrowings	2	(3,164)	(3,472)
Zero Dividend Preference Share Interest costs		65	(812)
<b>Gains/(losses) from investments</b>			
Net gains/(loss) on investments	3	17,057	(12,359)
Realised foreign currency gain		8	5,626
Unrealised foreign currency gain		726	10,519
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<u>13,423</u>	<u>(2,638)</u>
<b>Other comprehensive income</b>			
Movement in currency translation reserve		1,773	74,286
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>15,196</u>	<u>71,648</u>
Profit attributable to:			
Owners of the Company		13,858	2,180
Non controlling interests		(435)	(4,818)
		<u>13,423</u>	<u>(2,638)</u>
Total comprehensive income attributable to:			
Owners of the Company		1,425	70,180
Non controlling interests		348	4,106
		<u>1,773</u>	<u>74,286</u>
<b>Earnings per share</b>			
Basic (pence per share)		6	1.54
Diluted (pence per share)		6	1.54

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

The notes on pages 18 to 25 form an integral part of these financial statements.

## Condensed Consolidated Statement of Financial Position - Unaudited

For the period ended 31 December 2009

	Notes	31/12/2009	30/06/2009
		£'000	£'000
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	4	<b>403,138</b>	<b>369,836</b>
<b>Current assets</b>			
Cash and cash equivalents		81,548	17,862
Receivables		1,345	552
		<b>82,893</b>	<b>18,414</b>
<b>Current liabilities</b>			
Payables and accruals		(1,901)	(8,323)
Derivative financial instruments		(44)	(289)
Borrowings		(2,522)	-
<b>Net current assets</b>		<b>78,426</b>	<b>9,802</b>
<b>Non-current liabilities</b>			
Borrowings	5	(101,558)	(101,973)
Zero dividend preference shares	6	(73,020)	(43,085)
		<b>(174,578)</b>	<b>(145,058)</b>
<b>Net Assets</b>		<b>306,986</b>	<b>234,580</b>
Represented by:			
Share capital	7	243,694	188,049
Reserves		49,785	34,503
Total equity attributable to equity holders of the Company		<b>293,479</b>	<b>222,552</b>
Minority interest		13,507	12,028
Total equity		<b>306,986</b>	<b>234,580</b>
NAV per Equity share (pence per share)		80	81



## Condensed Consolidated Statement of Changes in Equity - Unaudited

For the period ended 31 December 2009

	Share Capital £'000	Accumulated Losses £'000	Capital Reserve £'000	Currency Translation Reserve £'000	Total £'000	Minority Interest £'000	Total £'000
<b>At 1 July 2009</b>	<b>188,050</b>	<b>(9,575)</b>	<b>(20,309)</b>	<b>64,386</b>	<b>222,552</b>	<b>12,028</b>	<b>234,580</b>
Profit/(loss) for the period	-	(3,477)	17,335	-	13,858	(435)	13,423
Other comprehensive income for the period	-	-	-	1,425	1,425	343	1,773
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(3,477)</b>	<b>17,335</b>	<b>1,425</b>	<b>15,283</b>	<b>(87)</b>	<b>15,196</b>
Share issue costs	(1,448)	-	-	-	(1,448)	-	(1,448)
Share issue	57,092	-	-	-	57,092	-	57,092
Issue of shares in subsidiary to minority interests	-	-	-	-	-	1,566	1,566
<b>At 31 December 2009</b>	<b>243,694</b>	<b>(13,052)</b>	<b>(2,974)</b>	<b>65,811</b>	<b>293,479</b>	<b>13,507</b>	<b>306,986</b>

## Condensed Consolidated Statement of Changes in Equity - Unaudited

For the period ended 31 December 2008

	Share Capital £'000	Share Premium £'000	Accumulated Losses £'000	Capital Reserve £'000	Currency Translation Reserve £'000	Capital Redemption Reserve £'000	Special Distributable Reserve £'000	Total £'000	Minority Interest £'000	Total £'000
<b>At 1 July 2008</b>	<b>29</b>	<b>7,636</b>	<b>(4,829)</b>	<b>69,837</b>	<b>(3,210)</b>	<b>4</b>	<b>200,869</b>	<b>270,336</b>	<b>22,867</b>	<b>293,203</b>
Profit/(loss) for the period	-	-	10,517	(8,337)	-	-	-	2,180	(4,818)	(2,638)
Other comprehensive income for the period	-	-	-	-	70,180	-	-	70,180	4,106	74,286
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>10,517</b>	<b>(8,337)</b>	<b>70,180</b>	<b>-</b>	<b>-</b>	<b>72,360</b>	<b>(712)</b>	<b>71,648</b>
Treasury share sale	1	97	-	-	-	-	9,998	10,096	-	10,096
Issue Costs	-	(40)	-	-	-	-	-	(40)	-	(40)
Redemption of equity shares	(2)	-	-	-	-	-	(20,050)	(20,052)	-	(20,052)
Transfer to capital redemption reserve	-	-	-	-	-	2	(2)	-	-	-
Additional minority interest acquired	-	-	-	-	-	-	-	-	(387)	(387)
Issue of shares in subsidiary to minority interests	-	-	-	-	-	-	-	-	219	219
<b>At 31 December 2008</b>	<b>28</b>	<b>7,693</b>	<b>5,688</b>	<b>61,500</b>	<b>66,970</b>	<b>6</b>	<b>190,815</b>	<b>332,700</b>	<b>21,987</b>	<b>354,687</b>

## Condensed Consolidated Cash Flow Statement - Unaudited

For the period ended 31 December 2009

	01/07/2009 to 31/12/2009	01/07/2008 to 31/12/2008
<b>Operating activities</b>		
Profit/(loss) for the year	13,423	(2,638)
Adjustments for:		
Interest and dividend income	(2,731)	(1,239)
Interest expense	2,977	4,284
Tax rebates	-	61
Net losses/(gains) on investments	(17,057)	20,486
Net cash movement in derivative contracts	(383)	4,546
Unrealised foreign currency gain	(726)	(10,519)
<b>Operating cash flows before changes in working capital</b>	<b>(4,497)</b>	<b>14,981</b>
(Increase)/decrease in receivables	(373)	697
(Decrease)/increase in payables	(7,566)	710
<b>Cash flows from operating activities</b>	<b>(12,436)</b>	<b>16,388</b>
<b>Investing activities</b>		
Purchase of investments	(21,730)	(57,619)
Return of capital from investments	12,403	20,484
Interest and other distributions from investments received	2,313	1,507
<b>Cash outflows from investing activities</b>	<b>(7,014)</b>	<b>(35,627)</b>
<b>Financing activities</b>		
Distributions to minority shareholders	-	(397)
Equity shares buy back	-	(20,052)
Issue costs	(1,448)	(40)
Borrowings advanced to the company	-	40,928
Borrowings repaid	(2,271)	-
Interest paid	(2,738)	(2,875)
Issue of shares in subsidiary to minority interest	1,567	219
Additional minority interest acquired	-	(387)
Proceeds from treasury share sale	12,087	10,096
Proceeds from issue of Equity shares	45,005	-
Proceeds from issue of zero divided preference share	30,238	9,577
<b>Cash flows from financing activities</b>	<b>82,439</b>	<b>37,069</b>
<b>Net increase in cash and cash equivalents</b>	<b>62,989</b>	<b>17,830</b>
Cash and cash equivalents at beginning of period	17,862	13,789
Effects of exchange difference arising from cash and cash equivalents	697	9,224
<b>Cash and cash equivalents at end of the period</b>	<b>81,548</b>	<b>40,843</b>

The notes on pages 18 to 25 form an integral part of these financial statements.

## Notes to the Financial Statements

J.P. Morgan Private Equity Limited is a closed-ended investment fund incorporated as a limited liability company in Guernsey under the Companies (Guernsey) Law, 1994 on 28 April 2005. The Company's capital structure consists of three classes of shares, one class of US\$ Equity Shares and two classes of Zero Dividend Preference Shares due in 2013 and 2015, both listed on the London Stock Exchange.

The primary objective of the Company and its subsidiaries ("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.

### STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting (IFRS) and in accordance with the requirement of IAS 34 *Interim Financial Reporting*.

They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2009.

These condensed consolidated interim financial statements were approved by the Board of Directors on 26 February 2010.

### SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 June 2009.



## Notes to the Financial Statements (continued)

### 1. INTEREST AND DIVIDEND INCOME

The following table details the interest and dividend income earned by the Group during the period:

	01/07/2009 to 31/12/2009	01/07/2008 to 31/12/2008
Interest income from financial assets that are not at fair value through profit or loss:		
- Cash and cash equivalents	2,731	81

### 2. INTEREST EXPENSE

The following table details the interest expense incurred by the Group and the Company during the period:

	01/07/2009 to 31/12/2009	01/07/2008 to 31/12/2008
Interest expense from financial instruments that are not at fair value through profit or loss:		
- Financial liabilities at amortised cost	(3,099)	(3,472)

### 3. GAINS FROM FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	01/07/2009 to 31/12/2009	01/07/2008 to 31/12/2008
<b>Designated at fair value through profit or loss</b>		
Equity investments	16,785	(15,383)
<b>Held for trading</b>		
Derivative financial instruments	272	3,024
<b>Net gain/ (loss) from financial assets and liabilities at fair value through profit or loss.</b>	<b>17,057</b>	<b>(12,359)</b>

## Notes to the Financial Statements *(continued)*

### 4. INVESTMENTS

The Group has investments in several funds. The following table is an analysis of the investment portfolio disclosing cost and fair value of the investments.

Investments	Market value	Historical cost	Market value	Historical cost
	of investments 31 Dec 2009 £'000	of investments 31 Dec 2009 £'000	of investments 30 June 2009 £'000	of investments 30 June 2009 £'000
<b>Private Equity Investments</b>				
AIG Highstar Capital III Prism Fund, LP	11,453	13,355	11,122	12,512
Aksia Capital III LP	1,803	2,582	1,802	2,536
Alia Capital Fund I CV	2,758	2,890	2,360	2,434
Alto I/ Development Capital I S.C.A	381	4,713	367	1,697
Alto Capital II	1,775	2,090	1,394	4,713
Apollo International Real Estate Fund	336	-	341	-
Apollo Investment Fund V, LP	1,852	496	1,718	496
Apollo Real Estate Investment Fund IV, LP	812	568	816	577
Aqua International Partners, LP	-	930	-	930
Argan Capital Fund	4,609	4,989	3,879	4,729
Arlington Capital Partners II, LP	1,112	903	968	887
Arrow Path Fund II, LP	582	660	672	660
Arysta Life Science Corporation	65	-	57	-
Avista Capital Partners (Offshore), LP	10,903	9,256	10,779	9,348
Bain Capital Fund VI, LP	68	78	63	78
Bear Stearns Global Turnaround Fund, LP	22,501	25,615	20,540	26,077
Bear Stearns Private Opportunity Ventures, LP	2,970	1,565	2,791	1,565
Black Diamond Capital Management	1,883	1,713	1,235	1,377
Blackstone Capital Partners IV, LP	2,334	193	2,191	415
Blackstone Real Estate Partners IV, LP	740	1,312	868	1,303
Candover 2001 Fund	470	20	963	96
Candover 2005 Fund	1,100	2,597	1,019	2,579
Clearwater Capital Partners Fund I, LP	2,844	4,607	2,672	5,216
Clearwater Capital Partners Opportunities Fund, LP	640	1,226	864	1,265
Colony Investors VI, LP	496	824	663	824
CPC Luxury Optical Investment LLC	1,148	1,909	1,155	1,695
CPC RD Investment LLC	1,781	1,882	1,562	1,784
Dolphin Communications Fund II, LP	262	419	240	397
Doughty Hanson & Co. Technology Fund	1,373	1,046	1,532	1,046
Education Management Corp	1,708	1,737	-	-
Esprit Capital I Fund	10,181	10,235	10,308	9,838
Esprit Capital III Fund	38	38	-	-
Freescale Semiconductor, Inc	203	1,337	201	1,337
Gemini Israel III, LP	120	502	284	521
Global Buyout Fund, LP	7,091	6,293	6,957	6,293
Global Opportunistic Fund	18,646	12,001	18,879	12,001
Green Investors III, LP	70	380	89	380
Gridiron Capital Fund, LP	1,938	2,184	1,616	2,046
Guggenheim Aviation Offshore Investment Fund II, LP	5,160	5,160	3,173	3,173
Hupomone Capital Fund, LP	2,081	2,371	1,769	2,371
Hutton Collins Capital Partners II LP	2,160	3,501	2,573	3,488

*Continued next page*

## Notes to the Financial Statements *(continued)*

### 4. INVESTMENTS *(continued)*

Investments	Market value	Historical cost	Market value	Historical cost
	of investments	of investments	of investments	of investments
	31 Dec 2009	31 Dec 2009	30 June 2009	30 June 2009
	£'000	£'000	£'000	£'000
<b>Private Equity Investments</b>				
Industry Ventures Acquisition Fund, LP	618	520	335	544
Industry Ventures Fund IV, LP	1,278	2,346	2,012	2,282
Industry Ventures Fund V, LP	2,200	1,028	871	760
Leeds Equity Partners IV, LP	7,971	5,008	6,268	7,595
Leeds Equity Partners IV, LP Co-investment Fund A, LP	6,639	7,595	13,751	4,993
Leeds Equity Partners V, LP	1,063	1,147	788	1,100
Liberty Partners II, LP	15,646	11,887	14,184	11,887
Main Street Resources I, LP	1,437	1,245	2,436	1,245
Main Street Resources II, LP	1,967	1,363	1,709	1,363
Markstone Capital Partners, LP	2,124	1,954	1,836	1,782
Milestone Link Fund	10,128	2,516	-	-
Montagu III LP	2,216	2,058	1,699	1,984
Morning Street Partners, LP	667	327	1,264	938
Olympus Capital Asia III (Offshore), LP	1,138	2,989	5,803	4,581
Omega Fund III, LP	7,333	6,147	7,250	6,485
Omega Fund IV, LP	14,155	2,519	10,281	1,508
Ossian Retail Group	-	1,183	-	1,183
Oxford Bioscience Partners IV, LP	760	848	748	848
Private Equity Access Fund II Ltd	5,223	1,133	5,004	1,383
Providence Equity Partners IV, LP	1,943	542	1,672	434
Quadrangle Capital Partners, LP	1,141	553	1,162	692
Realza Capital Fondo, FCR	356	424	346	400
SCAN Geophysical AS	-	586	-	586
Starwood U.S. Opportunity Fund VI-D, LP	-	2,374	5	2,374
Strategic Value Global Opportunities Master Fund, LP	3,304	3,020	2,669	2,933
Strategic Value Global Opportunities Feeder Fund I-A, LP	3,354	2,533	3,183	2,533
SVE Star Ventures	496	836	553	836
Terra Firma Deutsche Annington LP	1,193	1,447	1,099	873
Terra Firma Deutsche Annington L.P. (JPEL TF Limited)	26,097	7,746	24,034	7,746
Thomas H. Lee Equity Fund V, L.P.	1,914	1,485	1,470	1,407
Trumpet Feeder Ltd	1,576	1,470	1,866	1,707
Warburg Pincus Private Equity VIII, LP	2,327	1,254	2,519	1,483
Wellington Partners Ventures II GMBH & CO.KG (B)	635	1,495	638	1,346
Wellington Partners Ventures III Life Science Fund L.P.	575	637	452	637
<b>Total private equity investments held at Company Level</b>	<b>255,921</b>	<b>214,392</b>	<b>238,389</b>	<b>207,132</b>

*Continued next page*

## Notes to the Financial Statements *(continued)*

### 4. INVESTMENTS *(continued)*

Investments	Market value of investments 31 Dec 2009 £'000	Historical cost of investments 31 Dec 2009 £'000	Market value of investments 30 June 2009 £'000	Historical cost of investments 30 June 2009 £'000
<i>Additional private equity investments held by the Group's subsidiaries</i>				
HGX Private Equity Fund L.P.	11,804	25,738	10,512	24,899
BoS Mezzanine Partners Fund, L.P.	61,717	83,686	62,273	82,935
ABN Amro Capital Australia Fund II	354	2,078	181	1,992
Aisling Capital Partners II, LP	903	1,065	810	1,042
Australasian Media and Communications Fund 2 C	3	635	537	628
Blackstone Capital Partners V, LP	6	3,814	2,412	3,760
Carlyle Asia Partners II, LP.	472	2,481	1,949	2,499
Carlyle/Riverstone Global Energy and Power Fund III	2,565	2793	2,959	2,751
Carlyle/Riverstone Renewable Energy Infrastructure Fund I	2,576	2,950	2,122	2,828
Catalyst Buyout fund 1A	2,720	4,264	2,102	4,184
Catalyst Buyout fund 1B	2,720	4,264	2,102	4,184
Ceram Polymerick	-	282	-	282
Ceram Polymerick CN	58	175	51	175
Charterhouse Capital Partners VIII	1,974	3,509	1,464	3,313
Carlyle/Riverstone Global Energy and Power Fund III	2,565	2793	2,959	2,751
GBS3 BioVentures	3,289	1,688	1,160	1,508
HG Capital V, L.P.	1,991	1,928	1,201	1,890
Industry Ventures Fund IV, L.P.	1,537	2,704	2,230	2,714
Industry Ventures Acquisition Fund, L.P.	1,083	822	864	879
Macquarie Wholesale Co-investment Fund	1,423	11,159	6,614	11,159
Macquarie European Infrastructure Fund	2,390	7,240	4,798	7,312
Macquarie Global Infrastructure Fund A	6,267	11	3	11
Macquarie Global Infrastructure Fund B	9,939	13	5	13
Macquarie Treasury Fund	5,266	4,715	1,068	1,089
Macquarie Alternative Investment Trust I	9,278	6,985	3,960	6,985
Macquarie Alternative Investment Trust II	4,992	7,162	7,803	7,012
Macquarie Alternative Investment Trust III	5,046	8,196	5,014	7,948
PCG Special Situations Partnership	3,561	4,502	3,485	4,660
Quadrant Private Equity No 1A	233	480	828	975
Quadrant Private Equity No 1B	233	480	828	975
Quadrant Private Equity No 1, LP	2,620	2,549	1,890	2,549
Starfish Ventures Pre-Seed	195	352	222	343
	<b>403,138</b>	<b>413,092</b>	<b>369,836</b>	<b>400,624</b>

All investments are designated by management at fair value through profit or loss at inception.

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 at 31 December 2009, the Group had outstanding commitments of US\$202.8mm which may be called by the underlying limited partnerships. The outstanding commitments amount includes the minority interest's commitments; as at 31 December 2009, the Company had outstanding commitments of US\$137mm.

## Notes to the Financial Statements (continued)

### 5. BORROWINGS

	31/12/2009 £'000	31/06/2009 £'000
Bank of Scotland	23,988	25,443
Fortress Credit Corp	60,915	59,626
National Australia Bank	19,177	16,904
	<u>104,080</u>	<u>101,973</u>
Amounts due for settlement within 12 months	<u>2,522</u>	<u>-</u>
Amounts due for settlement after 12 months	<u>101,558</u>	<u>101,973</u>

The maturity profile of the loan facilities as at 31 December 2009 are as follows:

Facility	Less than 6	6 months	1-5 years	Total
	months £'000	to 1 year £'000	£'000	£'000
Bank of Scotland	-	-	23,988	23,988
Fortress Credit Corp	-	-	60,915	60,915
National Australia Bank	-	2,522	16,655	19,177
	<u>-</u>	<u>2,522</u>	<u>101,558</u>	<u>104,080</u>

The Group has entered into a revolving loan facility with the Bank of Scotland. The facility is for €5,000,000 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. 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 BoS Mezzanine Partners Fund, LP at the year end was €180,761,870.

The Group has entered into a revolving loan facility agreement with Fortress Credit Corp. The facility is for US\$100,000,000 and bears interest of US\$ LIBOR + 500 bps on drawn amounts (which would have to be \$55 million at all times), and 50 bps on undrawn amounts, has a term of four years (the facility cannot be prepaid in the first two years, but could be prepaid in year three with a 5% prepayment fee and prepaid without penalty in year four). The loan with Fortress is secured by the following investments.

	Carrying value as at 31/12/2009 £'000
HGX Private Equity Fund LP	12,839
BSPEL Australia Limited	54,843
BSPEL Mezzanine Funding Limited	37,819
	<u>105,501</u>

The facility with Fortress remains fully drawn down in the period. The Company's subsidiary MPCT has entered into a cash advance facility with National Australia Bank, with a limit of AU\$45,000,000 to provide funding for the subsidiary's over-commitment strategy. The drawn down amount as at the period end was AU\$34,500,000. The facility is divided into three tranches with no tranche due within the next six months. A decision is to be made on extending the facility by 30 June each year.

## Notes to the Financial Statements (*continued*)

### 6. ZERO DIVIDEND PREFERENCE SHARES

The company has issued two classes of Zero Dividend Preference Shares (ZDP Shares); 2013 ZDP Shares and 2015 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 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.

During the period, the Company issued additional 2015 ZDP Shares. 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 initial placing price of 50 pence per ZDP share. ZDP Shares rank prior to the 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.

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, even if the accrued capital entitlement of the ZDP Shares will not be met in full.

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

#### 2013 ZDP Shares

	Date	Number of shares	Price
<b>Balance as at 1 July 2009 and 31 December 2009</b>		63,367,316	

#### 2015 ZDP Shares

	Date	Number of shares	Price
<b>Balance as at 1 July 2009</b>		16,088,214	
3 <sup>rd</sup> issue	20/11/09	53,333,333	56.25p
<b>Balance as at 31 December 2009</b>		69,421,547	

## Notes to the Financial Statements (*continued*)

### 7. ISSUED CAPITAL AND RESERVES

The Group's capital is represented by the shares outstanding. 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 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.

#### *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 on 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 period was as follows:

	Date	Number of shares	Price
<b>Balance as at 1 July 2009</b>		274,259,837	
Open offer	16 July 09	36,926,479	\$1.00
Tap issue	17 July 09	3,550,000	\$1.00
Tap issue	31 July 09	12,812,050	\$1.00
Tap issue	07 Aug 09	6,234,583	\$1.00
Tap issue	12 Aug 09	12,760,580	\$1.00
Treasury issue	12 Aug 09	2,943,306	\$1.00
Tap issue	28 Aug 09	1,276,070	\$1.00
Treasury issue	28 Aug 09	1,868,895	\$1.00
Tap issue	24 Sept 09	127,607	\$1.00
Treasury issue	24 Sept 09	14,977,103	\$1.00
<b>Balance as at 31 December 2009</b>		367,736,510	

### 8. RELATED PARTY TRANSACTIONS

Mr. G. Getschow, a Director of the Company is a Managing Director of the Manager.

Mr. T. Ash is entitled to receive Director's fees of £25,000 per annum.

Mr. Loudon and Mr. C. Spencer are each entitled to receive Director's fees of £20,000 per annum.

The Directors do not hold directly or indirectly shares in the Group. There were no other related party transactions in the period.

### 9. POST BALANCE SHEET EVENTS

There were no post balance sheet events that require disclosure in this report.



DIRECTORS:	Trevor Charles Ash (Chairman) Gregory Getschow John Loudon Christopher Paul Spencer
INVESTMENT MANAGER:	BEAR STEARNS ASSET MANAGEMENT INC. c/o J.P. Morgan Asset Management 270 Park Avenue New York New York 10017 United States of America
ADMINISTRATOR AND COMPANY SECRETARY:	HSBC MANAGEMENT (GUERNSEY) LIMITED St Martins House Le Bordage St Peter Port Guernsey GY1 1BP
AUDITOR:	KPMG Channel Islands Limited 20 New Street St Peter Port Guernsey GY1 4AN
SOLICITORS TO THE GROUP (as to English and US law):	HERBERT SMITH 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:	St Martins House Le Bordage St Peter Port Guernsey GY1 1BP