F&C Private Equity Trust plc

Interim Report and Accounts

for the six months ended

30 June 2007

Company Summary

The Company

The Company was launched in March 1999 as part of the reorganisation of The Scottish Eastern Investment Trust plc with the objective of managing the private equity investments formerly held by The Scottish Eastern Investment Trust plc so as to realise those assets and return cash to Shareholders.

In August 2001, the Company was reorganised and Shareholders were given the opportunity to convert all or part of their existing ordinary shares into A shares and B shares as outlined below.

In August 2005, Shareholders approved a change of company name from Martin Currie Capital Return Trust plc to F&C Private Equity Trust plc and the Company issued 49,758,449 C Shares following the acquisition of Discovery Trust plc and a subscription of £20 million by Friends Provident. The C Shares subsequently converted into B Shares.

Objective

The Company's realisation (A) shares' objective is to manage the existing assets and to realise the value of those assets in a tax efficient manner and return capital to shareholders.

The continuation (B) shares' objective is to achieve long term capital growth through investment in private equity assets.

Management

The Board has appointed F&C Investment Business Limited as investment managers under a contract terminable by either party giving to the other not less than six months' notice expiring on 31 July 2008 or at the end of any subsequent calendar month.

Net assets as at 30 June 2007

£173.9 million

Shareholders' funds as at 30 June 2007

A shares £ 23.4 million
B shares £150.5 million

Market capitalisation as at 30 June 2007

A shares £22.7 million
B shares £130.8 million

Capital structure from September 2006

67,084,807 Realisation or A shares of 1 pence, each entitled to 1 vote; and

72,282,273 Continuation or B shares of 1 pence, each entitled to 1 vote.

Front cover: Ben Lui by Derek Sime

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aic The Association of Investment Companies

If you have sold or otherwise transferred all of your shares in F&C Private Equity Trust plc, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Financial Highlights for the six months ended 30 June 2007

- NAV total return for the six months of 42.8 per cent for the A shares;
- NAV total return for the six months of 17.4 per cent for the B shares;
- A share revenue dividends of 0.30 pence declared;
- B share revenue dividend of 0.50 pence declared;
- Realisation of private equity assets of £22.1 million;
- New investment in private equity assets of £26.3 million;

Performance Summary

	As at 30 June 2007	As at 31 December 2006	% change
Net Asset Value			
Net assets (£'000)	**173,944**	146,233	+18.9
Net asset value per:			
A share	**34.9p**	25.4p	+37.2
B share (fully diluted)	**206.2p**	178.1p	+15.8
Market Price			
A share	**33.8p**	24.3p	+38.9
B share	**181.0p**	161.0p	+12.4
Premium/discount:			
A share	**3.2%**	4.3%	–
B share	**12.2%**	9.6%	–
Income			
Revenue return after taxation (£'000)	**568**	2,533	
Revenue return per:			
A share	**0.29p**	1.05p	
B share (fully diluted)	**0.50p**	3.20p	
Dividend per:			
A share	**0.30p**	1.00p	
B share	**0.50p**	2.50p	

	2007 A Shares	**2007 B Shares**
Portfolio Summary		
Shareholders' funds (£'000)	**23,401**	**150,543**
Loan drawdown (£'000)	**–**	**–**
Future commitments (£'000)	**1,944**	**151,187**
Total Returns*		
Net asset value (fully diluted)	**42.8**	**17.4**
Share price	**39.2**	**12.7**

* Total return is the combined effect of any dividends paid, together with the rise or fall in the net asset value or share price. Any dividends are assumed to have been re-invested in either the Company's assets or in additional shares.

Chairman's Statement

David Simpson Chairman

The year has begun well for your Company with considerable portfolio activity and excellent growth in the net asset values (''NAV'') of both classes of share. This growth was broadly based, and has been driven by a combination of realisations and valuation uplifts. During the period the Company has announced sales of Academy Music Group, Global Design Technologies and, most recently, the Dakota, Minnesota and Eastern Railroad (''DM&E''). The portfolio, which consists of 57 fund investments and 9 co-investments directly in private companies, has increased in value by over £30 million in the year to date.

The NAV per A share at the 30 June was 34.88 pence, an increase of 37.2 per cent since the start of the year. The NAV total return for the six month period was 42.8 per cent and the share price total return 39.2 per cent.

The net assets of the A pool now stand at £23.4 million, of which £1.8 million was in cash at the 30 June. Since this date there have been some significant realisations, most notably the sale of the Company's longstanding holding in DM&E, and once the proceeds of these are received the cash proportion of the A pool will rise considerably. The remaining non cash element of the A pool will be small and undiversified. The Board therefore plan to bring forward proposals to merge the A pool with the B pool and to allow A shareholders to receive cash if they wish. Your Board believes that the move to one class of shares will improve the market's understanding of the Company and should have a beneficial effect on the share price rating.

The NAV per B share, after full dilution for management warrants, was 206.21 pence, an increase of 15.8 per cent since 31 December 2006. The NAV and share price total returns were 17.4 per cent and 12.7 per cent respectively. The B pool at 30 June 2007 had net assets of £150.5 million and, with its well diversified international portfolio of private equity assets, should prove attractive to a wide range of investors.

The Board is declaring interim dividends of 0.3 pence per A share and 0.5 pence per B share to be paid on 19 October.

Whilst this report records another highly successful period for the Company, the influence of current uncertainty in financial markets on its portfolio cannot be ignored. Our portfolio is not insulated from events in the wider financial markets, but it is well diversified and is not obviously vulnerable to the direct or indirect consequences of the difficulties in the US sub-prime mortgage market, nor the associated difficulties in the short term interbank market. Potential consequences of the change in the banking environment might be that banks are more reluctant to advance debt to private equity backed companies for the purposes of refinancing or recapitalisations or that banks will lend a smaller proportion of the transaction value to new MBOs. Through discussions with our investment partners we are still assessing the impact of the summer's events. At the level of the individual private equity funds and underlying portfolio companies there are many encouraging developments and we would expect these to continue to build value for our shareholders over the medium and longer term. Apart from the strengths inherent in its portfolio your Company has substantial resources available to it which we may use to benefit from the current situation. The B pool currently has cash or near cash resources of £12.0 million, and the gross proceeds of DM&E and GDT are expected to add a further £18 million. In addition the Company entered into a five year £40 million revolving credit facility with The Royal Bank of Scotland on 30 April 2007 and may borrow up to 30 per cent of total assets. With total outstanding commitments in excess of £150 million, which may be drawn down over periods of up to five years, the Company, through its investment partners, is well positioned to take advantage of buying opportunities should these arise.

Elizabeth Kennedy joined the Board on 1 July 2007. Elizabeth is a corporate finance director with Brewin Dolphin Securities and her experience will be invaluable to the Board.

I am pleased to report that June's final judgement from the European Court of Justice was supportive of the Association of Investment Companies' contention that VAT has been wrongly claimed from investment trusts domiciled in the UK. We remain some way from the resolution of this issue, but it appears increasingly likely that your Company will benefit from a reduction in its running costs as well as receiving a one off benefit from the recovery of VAT already paid.

Private Equity is essentially a long term asset class which, if professionally managed, has the potential to deliver excellent returns to investors. The diversified international fund of funds structure is increasingly seen as an attractive and appropriate way for investors to access these high returns. Our structure as an investment trust combines the benefits of liquidity, strong corporate governance and low costs and distinguishes us from many other private equity fund of funds. In uncertain times we believe these well established strengths should prove reassuring to investors.

David Simpson
Chairman

18 September 2007

Manager's Review

Investment Strategy

The portfolio has performed strongly in the first half of the year. This reflects a benign economic environment which has enabled many of our investee companies to successfully advance business plans. There has also been continuing strong demand for growing private companies leading to a number of good exits. The private equity sector has shown growth in assets invested and funds raised of 10–20 per cent pa over recent years and many categories of investor now have some exposure to the asset class. Much of this growth has been stimulated by strong historic returns and the reinvestment of gains. The increased size of the sector and the consequent additional reach of the larger private equity funds, which has been augmented by a highly liquid banking sector, has raised the profile of the sector. Amongst experienced investors the value creating techniques of private equity are well known, but in recent years these have come to be more widely recognized and appreciated. It still remains the case that private equity holds considerable risks as well as opportunities and consequently the range of returns between the best and the worst practitioners is exceptionally wide when compared with almost any other widely investable asset class. Our approach is to seek to invest with the strongest private equity managers who have a proven ability to make excellent absolute returns over the medium and longer term and who have the necessary disciplines and processes to replicate this strong performance going forward. This requires us to assess a wide range of factors, including but not limited to the track record, the skills, experience and motivation of the investment teams as well as the opportunities within the particular geographic or sectoral markets being targeted. We have invested most of the Company's capital in mid market buy outs or mezzanine funds investing in Europe and North America. The remainder of the portfolio has been invested in venture capital funds and generalist private equity funds focusing on a small number of attractive new markets.

We have backed many established groups but retain a willingness to back promising private equity managers who are at an earlier stage in their development. At this point the alignment of interest between us and them is especially close and experience suggests that there are numerous positive feedbacks which act to improve our decision-making. Our principal objectives remain to make excellent returns for our shareholders whilst effectively managing risk through diversification.

New Investments

The portfolio has continued to broaden with £26.3 million of new investments completed in the first half. These have been into a very wide range of companies, predominantly in Europe. We regard the mid market of European private equity as a highly attractive area for investment. It comprises thousands of companies. Whilst there are more private equity funds focusing on this area, private equity is rapidly becoming an accepted means of financing smaller growth companies in Europe. Consequently there remains a favourable balance between the supply of companies and the number of funds. Reflecting this market inefficiency prices are generally lower in the mid market.

Examples of new investments made by our investment partners include £0.7 million in Spanish IT consultancy, Everis (Hutton Collins), £0.7 million in French travel luggage company Delsey (Argan Capital), £0.6 million in French clothes and shoes retailer Vivarte (Chequers Capital), £0.4 million in Austrian industrial services company MCE (DBAG) and £0.4 million in Spanish civil explosives company Maxam (Ibersuizas). In the UK £0.3 million was invested in the manufacturer of fall arrest equipment Capital Safety Group (Candover), £0.3 million in elderflower cordials producer Bottlegreen (Piper) and £0.3 million in insurance broker Ostrakan (Hutton Collins). Most of the funds in which we invest are generalists with some preferred sectors. This leads us to have a broadly diversified underlying portfolio. We have completed two co-investments in the period. £1.2 million in Blues Clothing, a market leading supplier of character licensed clothing. This was in a £23 million deal led by Penta Capital. £2.5 million was invested in Lifeways Community Care, one of the leading providers of care for disabled adults. This was a £52 million deal led by August Equity Partners.

Realisations

The portfolio has seen considerable exit activity with distributions received totaling £22.1 million. In

January £6.8 million came in from the sale of our holding in Gondola, the holding company of Pizza Express, when the company was taken private by Cinven. This concluded a highly successful investment led by TDR Capital where we achieved 4.2x our original investment and an IRR of 65 per cent. In March £2.5 million came from Academy Music Group which was acquired by LN – Gaiety. This investment was led by RJD Partners and achieved an investment multiple of 2.5x and an IRR of 53 per cent. In May Stirling Square Capital Partners announced the sale of aerospace components company Global Design Technologies to Bridgepoint for $343 million. As a co-investor we will receive £10 million, over 4x our original investment and an IRR of over 100 per cent.

After the half year end our largest and longest standing direct investment, Dakota, Minnesota and Eastern Railroad (''DM&E'') was sold to Canadian Pacific Railway for US $1.48 billion with a deferred contingent consideration of up to another US $1.0 billion. The initial gross proceeds, expected to be received in October, will total $68 million (£34 million). Beyond that there are potential further proceeds of a similar amount payable over several years dependent on the successful development by Canadian Pacific of the Powder River Basin extension project. This investment was made by our predecessor company, Scottish Eastern, in 1986 and despite the exceptionally long holding period has achieved, on the initial gross consideration alone, over 35x the original investment and an IRR of 28 per cent. This investment spectacularly demonstrates the benefits of patience.

In our wide range of funds there were many realisations. Of these the most individually significant were £1.2 million from Tragus (restaurants LGV), £0.9 million from Intermed (medical equipment August Equity), £0.7 million from GAM (machinery Nmas1), £0.7 million from Wellstream (Oil services Candover), and £0.7 million from Kingfield Heath (office supplies wholesaler LGV).

New Commitments

The longer term growth in asset value can only be maintained if new commitments are made for the future.

Two secondary investments have been made; Close Brothers Growth Capital II B (£4 million) and Pentech (£2.5 million). We have backed a number of successful teams again with new commitments; €7 million to Mezzanine Management IV and €7 million to Accession Mezzanine Capital II. Also in Eastern Europe €7 million to AIG New Europe II. After the end of the period we backed August Equity II with £10 million. Using our flexibility to invest outside Europe or North America we once again backed the accomplished AIG emerging markets team in their Brazil Special Situations fund with a $5 million commitment.

Valuation Changes

Given the strength of the portfolio and the supportive environment most of the valuation changes in the first half were uplifts. These came from premiums achieved on exit as well as uplifts reflecting strong progress in underlying profits and balance sheets. Collectively the net gain to the portfolio was £30 million. Of this £25 million was for the benefit of the B pool. Large uplifts were attributed to the following holdings; DM&E £10.8 million, Global Design Technologies £5.2 million, Viking Moorings £2.5 million, Argan Capital £2.0 million, Candover 2001 £1.7 million and Academy Music Group £1.1 million.

Outlook

Given the excellent progress made in the first half of the year and the volatility occurring in financial markets since August, it is sensible to approach the second half with some caution. Much will depend on the degree of contagion and whether there is a loss of confidence which spreads to the real economy. The investments in our portfolio are made and managed by experienced professionals deploying money carefully to make returns over years and not months. Importantly they have the ability to change the plans of their underlying companies should market conditions change. We keep closely in touch with our investment partners and to date there is no sense of unease and in some cases we would expect the current volatility to provide opportunity rather than hazard.

Hamish Mair

18 September 2007

Portfolio Holdings

As at 30 June 2007

	Total Valuation £'000	% of Total Portfolio	A Pool Valuation £'000	% of A Pool Portfolio	B Pool Valuation £'000	% of B Pool Portfolio
United Kingdom						
August Equity Partners IV	6,429	4.0	–	–	6,429	4.6
Viking Moorings	3,565	2.2	–	–	3,565	2.6
SEP II	3,001	1.9	–	–	3,001	2.2
RL Private Equity	2,995	1.9	–	–	2,995	2.1
Equidebt Holdings	2,923	1.8	–	–	2,923	2.1
Candover Investments PLC	2,763	1.7	–	–	2,763	2.0
Hickory Fund Partnership LP	2,499	1.6	–	–	2,499	1.8
Inflexion 2006 Buyout Fund LP	2,463	1.5	–	–	2,463	1.7
LMS Group Holdings	2,032	1.3	–	–	2,032	1.5
European Boating Holidays	1,853	1.2	–	–	1,853	1.3
Inflexion 2003 Buyout Fund LP	1,834	1.1	–	–	1,834	1.3
Close Brothers Growth Capital Fund IIB	1,733	1.1	–	–	1,733	1.2
Pentech Fund 1B Limited Partnership	1,708	1.1	–	–	1,708	1.2
Penta F&C Co-Investment Limited Partnership	1,679	1.0	–	–	1,679	1.2
Third Private Equity	1,587	1.0	1,002	4.6	585	0.4
Close Brothers Gro Cap Co-Invest Fd IIB	1,416	0.9	–	–	1,416	1.0
LGV5	1,191	0.7	–	–	1,191	0.9
Blues Clothing Co-invest	1,144	0.7	–	–	1,144	0.8
Equity Harvest Fund	1,048	0.7	–	–	1,048	0.8
Primary Capital II	1,037	0.6	–	–	1,037	0.7
Candover 1997	995	0.6	628	2.8	367	0.3
Primary Capital III	865	0.5	–	–	865	0.6
Piper Private Equity Fund IV	681	0.4	–	–	681	0.5
LGV4	551	0.3	–	–	551	0.4
Albany Ventures III	460	0.3	–	–	460	0.3
Dunedin Buyout Fund II L.P.	370	0.2	–	–	370	0.3
Strathdon Investment	293	0.2	–	–	293	0.2
SEP III	222	0.2	–	–	222	0.2
Scottish Equity Partnership	211	0.1	133	0.6	78	0.1
Enterprise Plus	158	0.1	100	0.5	58	0.1
Parkmead Group	23	0.0	–	–	23	0.0
Total United Kingdom investments	**49,729**	**30.9**	**1,863**	**8.5**	**47,866**	**34.4**
Pan-Europe*						
International Mezzanine Investment NV	6,339	3.9	4,002	18.3	2,337	1.7
Candover 2001	5,426	3.5	–	–	5,426	3.8
Candover 2005	4,336	2.7	–	–	4,336	3.1
TDR Capital	2,809	1.7	–	–	2,809	2.0
Alta-Berkeley VI	2,455	1.5	–	–	2,455	1.8
Hutton Collins Capital Partners II	2,439	1.5	–	–	2,439	1.8
Whittan Co-Investment (No 1) L.P.	1,974	1.2	–	–	1,974	1.4
Mezzanine Management Fund IV A	1,325	0.8	–	–	1,325	1.0
Montagu III	1,075	0.7	–	–	1,075	0.8
Hutton Collins Mezzanine	983	0.6	–	–	983	0.7
Alchemy Special Opportunities Fund L.P.	567	0.4	–	–	567	0.4
Alta-Berkeley III	13	0.0	–	–	13	0.0
Alta-Berkeley V	6	0.0	3	–	3	0.0
Total Pan-European investments	**29,747**	**18.5**	**4,005**	**18.3**	**25,742**	**18.5**

	Total Valuation £'000	% of Total Portfolio	A Pool Valuation £'000	% of A Pool Portfolio	B Pool Valuation £'000	% of B Pool Portfolio
North America						
DM&E	22,611	14.0	14,274	65.1	8,337	6.0
Camden Partners Fund III	2,211	1.5	–	–	2,211	1.6
1818 Mezzanine Fund II	1,339	0.8	–	–	1,339	1.0
Hicks, Muse, Tate & Furst Fund IV	1,318	0.8	832	3.8	486	0.3
Blue Point Capital Partners II LP	1,258	0.8	–	–	1,258	0.9
RCP Fund II	1,193	0.7	–	–	1,193	0.9
1818 Mezzanine Fund	1,103	0.7	696	3.2	407	0.3
Blue Point Capital	1,093	0.7	–	–	1,093	0.8
Arch Capital	175	0.1	–	–	175	0.1
Live Nation	152	0.1	96	0.4	56	0.0
Total North America investments	**32,453**	**20.2**	**15,898**	**72.5**	**16,555**	**11.9**
Continental Europe†						
Argan Capital LP	6,252	3.9	–	–	6,252	4.5
Accession Mezzanine	3,383	2.1	–	–	3,383	2.4
Nmas1 Private Equity	2,668	1.7	–	–	2,668	1.9
Ciclad 4	2,471	1.5	–	–	2,471	1.8
Alto Capital I	2,395	1.5	–	–	2,395	1.7
Ibersuizas Capital Fund II	1,853	1.1	–	–	1,853	1.3
Gilde Buy-Out Fund III GP	1,669	1.0	–	–	1,669	1.2
Life Sciences Partners III	1,400	0.9	–	–	1,400	1.1
Chequers Capital XV FCPR	1,364	0.8	–	–	1,364	1.0
DBAG Fund V International	1,133	0.7	–	–	1,133	0.8
Chequers Capital	945	0.6	–	–	945	0.7
DBAG Fund IV	865	0.5	–	–	865	0.6
Alto Capital II	464	0.3	–	–	464	0.3
Ciclad 2	251	0.2	158	0.7	93	0.1
PizzaExpress International	11	0.0	–	–	11	0.0
Total Continental Europe investments	**27,124**	**16.8**	**158**	**0.7**	**26,966**	**19.4**
Global						
Global Design Tech	10,097	6.3	–	–	10,097	7.3
Warburg Pincus IX	3,566	2.2	–	–	3,566	2.6
Warburg Pincus VIII	3,225	2.0	–	–	3,225	2.3
AIG Global Emerging Markets Fund II	2,486	1.5	–	–	2,486	1.8
Stirling Square 3Si Co-Investment L.P.	2,122	1.3	–	–	2,122	1.5
AIF Capital Asia III, L.P.	321	0.2	–	–	321	0.2
Total Global investments	**21,817**	**13.5**	**–**	**–**	**21,817**	**15.7**
AiM Listed Holdings	**149**	**0.1**	**–**	**–**	**149**	**0.1**
Total Investment Portfolio	**161,019**	**100.0**	**21,924**	**100.0**	**139,095**	**100.0**

* Europe including the UK
†Europe excluding the UK

Income Statement

	Revenue £'000	Capital £'000	Six months to 30 June 2007 (unaudited) Total £'000	Revenue £'000	Capital £'000	Six months to 31 January 2006 (unaudited) Total £'000	Revenue £'000	Capital £'000	Seventeen months to 31 December 2006 (audited) Total £'000
Gains on investments	**–**	**30,316**	**30,316**	–	11,708	11,708	–	34,622	34,622
Currency (losses)/gains	**–**	**(243)**	**(243)**	–	37	37	–	(58)	(58)
Income – franked	**108**	**–**	**108**	324	–	324	527	–	527
– unfranked	**1,217**	**–**	**1,217**	871	–	871	4,344	–	4,344
Investment management fee	**(176)**	**(529)**	**(705)**	(187)	(561)	(748)	(509)	(1,532)	(2,041)
Other expenses	**(445)**	**–**	**(445)**	(198)	(655)	(853)	(857)	(505)	(1,362)
Net return before finance costs and taxation	**704**	**29,544**	**30,248**	810	10,529	11,339	3,505	32,527	36,032
Interest payable	**(1)**	**(4)**	**(5)**	(17)	(51)	(68)	(31)	(93)	(124)
Return on ordinary activities before taxation	**703**	**29,540**	**30,243**	793	10,478	11,271	3,474	32,434	35,908
Taxation on ordinary activities	**(135)**	**81**	**(54)**	(148)	117	(31)	(941)	483	(458)
Return on ordinary activities after taxation	**568**	**29,621**	**30,189**	645	10,595	11,240	2,533	32,917	35,450
Return per A share – Basic	**0.29p**	**10.16p**	**10.45p**	0.23p	1.12p	1.35p	1.05p	9.31p	10.36p
Return per B share – Basic	**0.51p**	**31.55p**	**32.06p**	0.42p	24.77p	25.19p	3.21p	46.85p	50.06p
Return per B share – Fully diluted	**0.50p**	**30.72p**	**31.22p**	–	–	–	3.20p	46.70p	49.90p
Return per C share – Basic	**–**	**–**	**–**	0.71p	(1.76p)	(1.05p)	–	–	–

Amounts Recognised as Dividends in the Period

	Six months ended 30 June (unaudited) 2007 £'000	Six months ended 31 January (unaudited) 2006 £'000	Seventeen months ended 31 December (audited) 2006 £'000
Final A share dividend of 1.20p for year ended 31 July 2005	**–**	805	805
Final B share dividend of 1.40p for year ended 31 July 2005	**–**	548	548
A share special dividend of 7.50p for year ended 31 July 2005	**–**	5,031	5,031
A share special dividend of 7.50p for year ended 31 July 2006	**–**	–	5,031
A share special dividend of 15.50p for period ended 31 December 2006	**–**	–	10,398
Interim A share dividend of 1.0p for period ended 31 December 2006	**671**	–	–
Interim B share dividend of 2.1p for period ended 31 December 2006	**1,518**	–	–
Final B share dividend of 0.4p for period ended 31 December 2006	**289**	–	–
	2,478	6,384	21,813

Balance Sheet

		As at 30 June 2007 (unaudited)		As at 31 January 2006 (unaudited)		As at 31 December 2006 (audited)
	£'000	£'000	£'000	£'000	£'000	£'000
Investments at market value						
Listed on recognised exchanges	3,553		53,167		23,922	
Unlisted	157,466		76,801		116,354	
		161,019		129,968		140,276
Current assets						
Debtors	450		2,454		416	
Cash at bank and on deposit	13,744		5,797		6,764	
		14,194		8,251	7,180	
Creditors						
Amounts falling due within one year		(1,269)		(767)	(1,223)	
Net current assets		12,925		7,484		5,957
Net assets		173,944		137,452		146,233
Capital and reserves						
Called-up share capital		1,394		1,821		1,394
Share premium account		–		48,763		–
Special distributable capital reserve		40,000		40,000		40,000
Special distributable revenue reserve		38,363		5,030		38,363
Capital redemption reserve		664		–		664
Capital reserve		92,767		41,060		63,146
Revenue reserve		756		778		2,666
		173,944		137,452		146,233
Net asset value per A share – Basic		34.88p		39.41p		25.43p
Net asset value per B share – Basic		208.27p		157.77p		178.71p
Net asset value per B share – Fully diluted		206.21p		–		178.06p
Net asset value per C share – Basic		–		99.41p		–

David Simpson, Chairman

Reconciliation of Movements in Shareholders' Funds

	Six months ended 30 June 2007 (unaudited) £'000	Six months ended 31 January 2006 (unaudited) £'000	Seventeen months ended 31 December 2006 (audited) £'000
Opening equity shareholders' funds	146,233	82,839	82,839
Return on ordinary activities after taxation	30,189	11,240	35,450
Dividends paid	(2,478)	(6,384)	(21,813)
Issue of C shares	–	49,757	49,757
Closing equity shareholders' funds	173,944	137,452	146,233

Statement of Cash Flows

		Six months to 30 June 2007 (unaudited)		Six months to 31 January 2006 (unaudited)		Seventeen months to 31 December 2006 (audited)
	£'000	**£'000**	£'000	£'000	£'000	£'000
Operating activities						
Net dividends and interest received from investments	**1,058**		260		3,919	
Interest received from deposits	**354**		376		819	
Investment management fee	**(498)**		(478)		(1,507)	
Other cash payments	**(468)**		(884)		(1,402)	
Net cash inflow/(outflow) from operating activities		**446**		(726)		1,829
Servicing of finance						
Interest paid	**–**		(69)		(124)	
Net cash outflow from servicing of finance		**–**		(69)		(124)
Taxation						
Corporation tax paid	**(423)**		(298)		(312)	
Net cash outflow from taxation		**(423)**		(298)		(312)
Capital expenditure and financial investment						
Payments to acquire investments	**(42,045)**		(37,836)		(135,888)	
Receipts from disposal of investments	**51,480**		38,342		150,304	
Cash transferred from acquisition of Discovery Trust	**–**		3,558		3,558	
Net cash inflow from capital expenditure and financial investments		**9,435**		4,064		17,974
Equity dividends paid		**(2,478)**		(6,384)		(21,813)
Net cash inflow/(outflow)		**6,980**		(3,413)		(2,446)
Increase/(decrease) in cash		**6,980**		(3,413)		(2,446)

Notes to Accounts

1 The unaudited interim results have been prepared on the basis of the accounting policies set out in the statutory accounts of the Company for the seventeen month period ended 31 December 2006.

2 The Board has proposed an interim A dividend of 0.30 pence and an interim B dividend of 0.50 pence payable on 19 October 2007 to shareholders on the Registrar on 28 September 2007. The ex dividend date is 26 September 2007.

3 The breakdown of income was as follows:

	Six months to 30 June 2007 £'000	Six months to 31 January 2006 £'000	Seventeen months to 31 December 2006 £'000
Income from investments			
Income – franked	**108**	324	527
Income – unfranked	**1,217**	871	4,344
	1,325	1,195	4,871

4 The basic return per share is based on a net return on ordinary activities after taxation of £30,189,000 (31 January 2006 – £11,240,000; 31 December 2006 – £35,450,000) and on a weighted average of 67,084,807 A shares (31 January 2006 – 67,084,807; 31 December 2006 – 67,084,807) and 72,282,273 B shares (31 January 2006 – 42,867,689; 31 December 2006 – 56,929,847) in issue throughout the period.

The fully diluted return per B share is based on a net return on ordinary activities after taxation of £30,189,000 (31 January 2006 – nil; 31 December 2006 – £35,450,000) and on a weighted average of 72,282,273 shares (31 January 2006 – nil; 31 December 2006 – 57,122,585).

5 Reconciliation of Net Asset Value per Ordinary share:

	As at 30 June 2007 £'000	As at 31 January 2006 £'000	As at 31 December 2006 £'000
A shares			
Net asset value per share	**34.88p**	39.41p	25.43p

The net asset value per A share is based on net assets at the period end of £23,401,000 (31 January 2006 – £26,440,000; 31 December 2006 – £17,059,000) and on 67,084,807 (31 January 2006 – 67,084,807; 31 December 2006 – 67,084,807) shares, being the number of A shares in issue at the period end.

	As at 31 July 2007 £'000	As at 31 January 2006 £'000	As at 31 July 2006 £'000
B shares			
Net asset value per share – Basic	**208.27p**	153.77p	178.71p
Net asset value per share – Fully diluted	**206.21p**	–	178.06p

The basic net asset value per B share is based on net assets at the period end of £150,543,000 (31 January 2006 – £79,551,000; 31 December 2006 – £129,174,000) and on 72,282,273 (31 January 2006 – 51,737,948; 31 December 2006 – 72,282,273) shares, being the number of B shares in issue at the period end.

The fully diluted net asset value per B share is based on net assets at the period end of £153,090,000 (31 January 2006 – £nil; 31 December 2006 – £128,620,000) and on 74,241,429 (31 January 2006 – nil; 31 December 2006 – 73,301,034) shares, being the number of B shares in issue at the period end after conversion of B warrants.

6 The financial information for the six months ended 30 June 2007 comprises non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The full audited accounts for the seventeen month period ended 31 December 2006, on which the auditors issued an unmodified report, have been lodged with the Registrar of Companies.

Independent Review Report

to F&C Private Equity Trust plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2007 which comprises the Income Statement, Balance Sheet, Reconciliation of Movements in Shareholders' Funds, Cash Flow Statement and the related notes 1 to 6. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review Work Performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2007.

Ernst & Young LLP
Edinburgh
28 September 2007

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