F&C Private Equity Trust plc

Half Year Report and Accounts
for the six months ended
30 June 2015

Contents

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Front cover: Ben Lui by Derek Sime

Company Summary

The Company

F&C Private Equity Trust plc ('the Company') is an investment trust and its Ordinary Shares are traded on the Main Market of the London Stock Exchange.

Objective

The Ordinary Shares' objective is to achieve long-term capital growth through investment in private equity assets, whilst providing shareholders with a predictable and above average level of dividend funded from a combination of the Company's revenue and realised capital profits.

Dividend Policy

The Company aims to pay semi-annual dividends with an annual yield equivalent to not less than 4 per cent of the average of the published net asset values per Ordinary Share as at the end of each of its last four financial quarters prior to the announcement of the relevant semi-annual dividend or, if higher, equal (in terms of pence per share) to the highest semi-annual dividend previously paid.

Management

The Board has appointed F&C Investment Business Limited ('the Manager'), which is part of BMO Global Asset Management, as investment manager of the Company under a contract terminable by either party giving to the other not less than six months' notice.

Net Assets as at 30 June 2015

£205.1 million

Market Capitalisation as at 30 June 2015

£156.1 million

Capital Structure as at 30 June 2015

72,282,273 Ordinary Shares of 1 pence, each entitled to one vote at a general meeting.

How to Invest

The Manager operates a number of investment plans which facilitate investment in the shares of the Company. Details are contained on page 19.

Website

The Company's website address is: www.fcpet.co.uk

Financial Highlights for the Period

- NAV total return for the six months of 2.7 per cent.
- Share price total return for the six months of 1.6 per cent.
- Semi-annual dividend of 5.58p per Ordinary Share.
- Annualised dividend yield of 5.2 per cent at the period end.

Performance Summary

	As at 30 June 2015	As at 31 December 2014	% change
Total Returns for the Period*			
Net asset value (fully diluted)	**+2.7%**	+7.3%	
Ordinary Share price	**+1.6%**	+10.3%	
Capital Values			
Net assets (£'000)	**205,103**	203,508	+0.8
Net asset value per Ordinary Share (fully diluted)	**279.69p**	277.55p	+0.8
Ordinary Share price	**216.00p**	217.88p	–0.9
Discount to net asset value (fully diluted)	**22.8%**	21.5%	
Income			
Revenue return after taxation (£'000)	**2,796**	1,947	
Revenue return per Ordinary Share (fully diluted)	**3.77p**	2.62p	
Gearing†	**7.2%**	13.2%	
Future commitments (£'000)	**64,704**	64,200	

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

† Borrowings less cash ÷ total assets less current liabilities (excluding borrowings and cash).

Sources: F&C Investment Business, AIC and Datastream

Chairman's Statement

Mark Tennant Chairman

As at 30 June 2015 the Company's net asset value ('NAV') was £205.1 million giving a fully diluted NAV per share of 279.69p. Taking into account last year's final dividend of 5.45p per share paid on 29 May 2015 the NAV total return for the first half of the year was 2.7 per cent. At the end of the period the Company had cash of £18.6 million. Together with borrowings of £34.6 million under the Company's loan facility, net debt was £16.0 million, equivalent to a gearing level of 7.2 per cent. The total of outstanding undrawn commitments at 30 June was £64.7 million and, of this, approximately £18 million is to funds where the investment period has expired.

Currency movements were an adverse factor during the period, with sterling strengthening against all the major currencies. This was partially offset by the Company's borrowings being in Euros, but the net impact for the period was approximately 2.3 per cent of the NAV per share.

In accordance with the Company's stated dividend policy, the Board declares a semi-annual dividend of 5.58p per ordinary share, payable on 6 November 2015 to shareholders on the register on 9 October 2015. For illustrative purposes only, this dividend represents an annualised yield of 5.2 per cent based on the share price as at 30 June 2015. I would like to remind shareholders of our dividend reinvestment plan which can be a convenient and easy way to build up an existing holding. Further details are provided on page 18 of this report.

The first half of the year has seen a continuation of the strong exit environment that featured last year. Indeed the total of realisations for the Company in the first half, at £35.7 million, is approximately 70 per cent above the total at the same point last year. These realisations have come from every part of the portfolio; funds, co-investments, secondaries and covering all geographies and sectors. In general these have been at very acceptable prices and the decisions to continue investing taken by our investment partners through the recession are bearing, and should continue to bear, fruit.

Much of this activity is connected to improved levels of business and investor confidence and with this comes improvement in prices. From a buyer's perspective this can pose a challenge. Pricing across the private equity market has increased considerably in the last two years or so and this is apparent even in the European lower mid-market where the great majority of our investment activity is focused. Apart from confidence it reflects a banking and 'non-banking' sector with good liquidity and an appetite to lend as well as substantial fund raising by private equity funds across the market. Each of these factors acts to push up prices, especially for companies with uncomplicated growth 'stories' where competition to acquire them can be intense. Our investment partners have not been conspicuous in paying high prices and are much more likely to be frustrated in highly competitive auctions than to secure the deal at an uncomfortably high price where there is little room for any subsequent underperformance in the investee company without painful consequences. This is because of their adherence to an agreed investment policy and required return commensurate with the relatively high risks involved in private equity investment.

Chairman's Statement (cont'd)

Despite this environment, it remains the case that in the broad and inefficient regional lower mid-market of Europe, skilled and well-connected private equity investors can find and acquire companies at reasonable prices. The Company's current and future performance is entirely dependent on your Managers successfully investing through and alongside such investment partners. Their dealflow of funds, co-investments and secondaries provides plenty of evidence that this is happening.

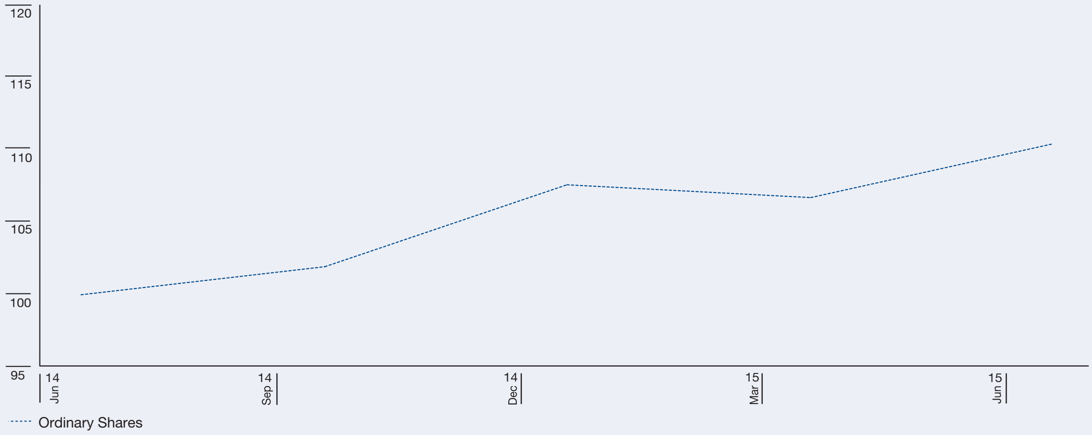
At the Annual General Meeting in May shareholders approved our proposal to increase the limit for co-investments from 33 per cent of the Company's total assets at the time of investment to 50 per cent, with a limit of 5 per cent for any individual direct co-investment. The current exposure to co-investments stands at 22.5 per cent and we expect that this will increase steadily to over 30 per cent over the short to medium term. Your Managers have access to excellent dealflow in co-investments and have successfully completed dozens of these investments during the Company's life, providing a strong contribution to performance. Apart from the direct impact on the performance of successfully realised co-investments, the insight which your Managers receive into the valuation creation process at a range of private equity firms delivers an indirect benefit by improving their selection of managers and funds.

Mark Tennant
Chairman
28 August 2015

Ordinary Share Performance

For the 12 months to 30 June 2015

F&C Private Equity Trust Net Asset Value Total Return for the 12 months ended 30 June 2015



Source: F&C Investment Business Limited

Manager's Review

Introduction

As noted in the Chairman's Statement, a striking feature of the first half of the year has been the strong exit environment which has resulted in £35.7 million of realisations from the portfolio. In every reporting period we expect the Company to have a healthy total of realisations because it has a portfolio that is well diversified by the age of investments and there are always some investments coming to maturity. The volume of exits relative to the size of the portfolio fluctuates with the overall market and, in particular, with the appetite of trade buyers to make deals and of larger private equity firms to deploy equity capital. The provision of bank finance or non-bank debt also has a big influence on buy-out activity which remains the dominant mode of private equity investment. All of these factors are acting to increase realisations at present. Despite a recurrence of Eurozone worries during the period there remains a high level of confidence in the economic future of Europe and also in the uniquely effective model of investment provided by private equity.

New Investments

The total amount invested through drawdowns by funds and co-investments during the first half of the year was £19.2 million.

Three fund commitments were made. €5 million was committed to Corpfin IV. This is managed by one of the leading Iberian mid-market specialists and it is well placed to find good opportunities in the recovering economies of Spain and Portugal. €4 million was committed to the Milan based Italian mid-market specialist Aliante 3. The portfolio in this fund has been building up for three years already and this gives us immediate visibility. Aliante has a focus on the food and beverage sector where Italy offers some excellent investment opportunities. Finally, £4.8 million was committed to UK mid-market fund RJD Partners III, one of our longstanding investment partners.

Two new co-investments have been added to the portfolio. £4.5 million was invested in Burgess Marine. This was syndicated down to a hold position of £3.0 million giving a 19 per cent holding for the Company in this Dover based marine engineering services company. This deal was led by RJD Partners, with whom we have made several co-investments over the years, and it gives us exposure to three growing businesses within Burgess Marine: refitting of commercial and naval vessels; boat building for shallow draft workboats and wind farm support vessels; and refitting superyachts. £1.3 million was invested in superfoods company, Nutrisure, for a 13 per cent stake. This deal was led by Lonsdale, with whom we have previously co-invested. Nutrisure is a direct play on the very strong growth in demand for superfoods, which are defined as foods that are high in antioxidants, phytonutrients, vitamins, minerals, enzymes and amino acids. Trading under the brand Naturya, the company is growing rapidly and Lonsdale has acquired it at a compelling price.

Drawdowns by the funds in the portfolio have been typically varied.

Manager's Review (cont'd)

In the UK, one of our key investment partners, Inflexion, has been particularly active. £1.4 million was called by its 2010 Fund and 2012 Co-investment Fund for investment in luxury travel agency Scott Dunn. The premium end of the holiday market is growing strongly. Inflexion also invested for us through its 2012 Co-investment Fund with £1.5 million in Shimtech, a global market leader in the manufacture of specialist gap management components, or 'shims', which are essential in the assembly of commercial aircraft.

In Germany, DBAG VI made two major investments. £0.4 million was called for Gienanth, an iron foundry company specialising in casting engine blocks for large diesel and gas engines. Another £0.4 million was called for Cleanpart, a provider of engineering services to the semi-conductor industry. This is a relatively high tech development of DBAG's preferred investment focus on the 'factories of the factories' of Germany.

Realisations

The Company is in the midst of a strong run of realisations. These are remarkably broadly spread by sector and geography.

The largest realisation, of £8.6 million, was the sale of the co-investment in SMD Hydrovision, to Chinese buyer ZhouZou CSR. This seven year hold achieved 2.1x cost and an IRR of 11 per cent. Inflexion, the deal leaders, had worked closely with the company to improve its market position and hence its strategic value, and this compensated for relatively volatile profits over the holding period. Another longstanding co-investment, Whittan, the Stirling Square lead pallet racking systems provider, was sold to European private equity house Bregal, returning £2.7 million, which covered the cost of the investment. With an economically sensitive customer base the company had faced challenges in the recession but had recovered with help from an equity refinancing which acted to protect the investment.

Several other UK based companies held within the funds have been sold with excellent returns. Piper Private Equity IV sold Rollover Holdings, the UK's leading food service hotdog company, to Kerry Group plc, achieving a 2.5x multiple with proceeds of £0.8 million. Inflexion, as already noted, has been very active. Aspen Pumps was sold by its 2006 Fund, returning £0.7 million, which represents 14x cost and an IRR of 40 per cent. Inflexion also exited for its 2010 Fund and 2012 Co-investment Fund, two companies; Sanne and CTC Aviation. Sanne, a trust fund and fund administration services business based in Jersey, was listed on the London Stock Exchange, allowing Inflexion to exit 75 per cent of its holding. Including the value of the remaining holding, the money multiple and IRR was 3.7x and 80 per cent respectively. CTC Aviation is an integrated pilot training service provider which has grown successfully, capitalising on the worldwide shortage of pilots. The company opened a new training base in the US to complement its existing facilities in the UK and New Zealand. CTC was sold to L-3, an aerospace systems and national security solutions contractor, achieving a multiple of 3.0x cost and an IRR of 46 per cent. Since the end of the period, Inflexion has achieved three further realisations of Consumer Champion (formerly National Accident Helpline), the personal injury claims specialist, with a multiple of 3.8x and an IRR of 36 per cent, Rhead Group, the international professional services consultancy, for 1.8x and a 17 per cent IRR and Reward Gateway, the SaaS employee engagement specialist, for 7.7x and a 59 per cent IRR.

In Continental Europe, there was also a range of exits. The Company's only Life Science venture capital fund, the Netherlands based Life Science Partners III, distributed £1.7 million, as the proceeds of the sale of Prosensa, the pharmaceutical company specialising in RNA modulating therapeutics with potentially ground breaking applications in certain genetic diseases. In Poland, Accession Mezzanine II returned £0.7 million from the sale of metallic enhancement company Norican to Nordic private equity house Altor, achieving just above cost.

In Germany, Capvis III sold Wittur (elevator components) to Bain Capital returning £1.2 million for 3.9x cost and an IRR of 38 per cent. In the Benelux, Gilde Buyout III has had two realisations. Bekaert Textiles, a manufacturer of woven and knitted fabrics for mattresses and bed coverings, was sold returning £0.9 million, 6.5x cost and a 49 per cent IRR. Plukon Royale, a poultry meat processor, was sold, returning £1.2 million, 7.8x cost and a 41 per cent IRR. In France, Chequers Capital XV sold Serma, a designer of embedded electronic systems used in severe environments, to French PE house Ardian, returning £0.5 million, 3.1x cost and a 34 per cent IRR.

In the US, Blue Point Capital II achieved an excellent exit with the sale of Area Wide Protective (AWP), the provider of outsourced work zone safety services to utilities, which was sold to Riverside, achieving a multiple of 11x, an IRR of 51 per cent and proceeds to the Company of £2.9 million.

Valuation Changes

The uplifts in the portfolio were fairly broadly spread. The Spanish fund N+1 Private Equity II was up by £1.7 million reflecting several uplifts across the portfolio. Blue Point Capital II was up by £1.7 million mainly reflecting the sale of AWP noted above. Pentech II, the Edinburgh based venture capital fund, was up by £1.1 million as a result of a major uplift in the value of FanDuel, the global leader in one day fantasy sports, which has just successfully raised $275 million and now has a valuation in excess of $1 billion. The two main Inflexion funds, the 2010 Fund and the 2012 Co-investment Fund, were up by £1.2 million and £1.1 million respectively, reflecting the successful exits of Sanne Group and CTC Aviation. The FSN led Danish co-investment in housebuilder HusCompagniet was sold to Nordic Private Equity fund EQT after the end of the period and this resulted in an uplift in this valuation of £1.1 million. The outcome is likely to be an investment multiple of 3.8x cost with a 46 per cent IRR and the Company's valuation is just below this. Also in the Nordic region, the Agilitas co-investment in Recover Nordic, the damage control business, was uplifted by £1.0 million to reflect the company's progress.

There have been some downgrades. Herkules Private Equity III, which is heavily exposed to the oil related economy of Norway, was down by £0.7 million following a number of downward adjustments across the portfolio. Piper Private Equity IV was down by £0.3 million mainly because of downgrades in the value of Diet Chef and clothes retailer Weird Fish.

Currency has again been an adverse factor with sterling strengthening against all the principal currencies over the first half of the year. There was a partial offsetting of this through the Company's borrowings being in Euros, but the net impact was approximately 2.3 per cent for the six month period.

Financing

The Company's balance sheet has strengthened over the six month period with a healthy excess of realisations over drawdowns, leading to a significant reduction in net debt. Debt will rise again as pending new investments are made. The Company has considerable capacity to take advantage of both fund and co-investment opportunities and to buy selected secondaries. It is likely that the proportion of co-investments will increase steadily in the future and also that the outstanding undrawn commitments will increase from the current level which is close to the historical low. The Company will progressively benefit from the much lower cost of borrowing under the Royal Bank of Scotland loan facility compared with the previously held zero dividend preference shares.

Outlook

The surge in exits that began last year has continued strongly into the first half of 2015. Current activity levels indicate that this is being maintained. Fund raising for private equity funds has, if anything, strengthened further this year with a number of funds reportedly being 'over subscribed'. The banking and 'shadow banking' sectors have good liquidity and this is facilitating increasingly leveraged deal structures. Pricing of new deals has gone up and although anecdotal evidence suggests that in some instances pricing is unreasonably high, the deals we have seen executed by our investment partners do not indicate that they are chronically over-paying. The co-investment deal flow, which tends to be at the smaller end of the mid-market, is generally at attractive prices. The pricing situation needs careful surveillance and monitoring current and future funds for adherence to pricing disciplines is important. The macro-economic background in the Eurozone remains dominated by the periodic Greek crises which are not helpful for business and consumer confidence across Europe as a whole, but they do not seem to have adversely affected deal making activity within the private equity market. There are good grounds for expecting further respectable appreciation in the value of the portfolio during the remainder of the year and beyond.

Hamish Mair

Investment Manager

F&C Investment Business Limited

28 August 2015

Portfolio Holdings

As at 30 June 2015

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Buyout Funds – Pan European			
Stirling Square Capital Partners II	Europe	7,562	3.4
TDR Capital II	Europe	6,427	2.9
Argan Capital	Europe	6,199	2.8
Candover 2005	Europe	4,297	1.9
Candover 2008	Europe	1,264	0.5
Total Buyout Funds – Pan European		**25,749**	**11.5**
Buyout Funds – UK			
August Equity Partners II	UK	7,660	3.4
Inflexion 2012 Co-Investment Fund	UK	6,125	2.7
RJD Partners II	UK	5,022	2.3
Inflexion 2010	UK	4,946	2.2
Primary Capital III	UK	4,823	2.2
Dunedin Buyout II	UK	3,554	1.6
August Equity Partners III	UK	1,797	0.8
Piper Private Equity IV	UK	1,721	0.8
GCP Capital Partners Europe II	UK	1,716	0.8
Piper Private Equity V	UK	1,615	0.7
Equity Harvest Fund	UK	1,050	0.5
Inflexion 2006	UK	680	0.3
Lyceum Capital III	UK	631	0.3
Primary Capital II	UK	379	0.2
Primary Capital IV	UK	290	0.1
RJD Private Equity III	UK	254	0.1
RL Private Equity I	UK	250	0.1
Penta F&C Co-Investment Fund	UK	93	–
Enterprise Plus	UK	90	–
Hickory Fund Portfolio	UK	23	–
Third Private Equity Fund	UK	22	–
Inflexion 2003	UK	2	–
Total Buyout Funds – UK		**42,743**	**19.1**
Buyout Funds – Continental Europe			
N+1 Private Equity II	Spain	6,790	3.0
DBAG V	Germany	4,260	1.9
PineBridge New Europe II	Central & East Europe	4,187	1.9
Capvis III	DACH	3,839	1.7
Herkules Private Equity III	Nordic	2,807	1.3
Portobello Capital II	Spain	2,683	1.2
Aliante Equity 3	Italy	2,586	1.2
Procuritas Capital IV	Nordic	2,391	1.1
DBAG VI	Germany	1,878	0.9
Ciclad 4	France	1,846	0.9
Ciclad 5	France	1,459	0.7
Chequers Capital XVI	France	1,177	0.5
Avallon MBO II	Central & East Europe	1,154	0.5
Chequers Capital XV	France	1,082	0.5
Gilde Buyout III	Benelux	921	0.4
Capvis IV	DACH	884	0.4
Procuritas Capital V	Nordic	824	0.4
Vaaka Partners Buyout II	Nordic	748	0.3
Chequers Capital	France	418	0.1
Alto Capital II	Italy	327	0.1
DBAG IV	Germany	231	0.1
Portobello Fund III	Spain	195	0.1
Nmás1 Private Equity Fund	Spain	106	–
Corpfin Capital IV	Spain	84	–
Total Buyout Funds – Continental Europe		**42,877**	**19.2**
Private Equity Funds – USA			
Camden Partners IV	USA	4,802	2.1
HealthpointCapital Partners III	USA	3,686	1.7
Blue Point Capital II	USA	3,427	1.5
Camden Partners III	USA	2,403	1.1
Blue Point Capital III	USA	1,265	0.6
RCP II	USA	787	0.4
Hicks Muse Tate & Furst IV	USA	332	0.1
Blue Point Capital I	USA	92	–
Total Private Equity Funds – USA		**16,794**	**7.5**

Investment	Geographic Focus	Total Valuation £'000	% of Total Portfolio
Private Equity Funds – Global			
AIF Capital Asia III	Asia	3,665	1.6
Warburg Pincus IX	Global	1,331	0.6
Warburg Pincus VIII	Global	1,203	0.5
PineBridge Global Emerging Markets II	Global	875	0.4
F&C Climate Opportunity Partners	Global	379	0.2
PineBridge Latin America Partners II	Brazil	138	0.1
Total Private Equity Funds – Global		**7,591**	**3.4**
Venture Capital Funds			
SEP III	Europe	12,876	5.8
Pentech II	UK	2,951	1.3
Environmental Technologies Fund	Europe	2,449	1.1
SEP IV	Europe	1,581	0.7
SEP II	Europe	1,483	0.7
Life Sciences Partners III	Europe	1,100	0.5
Alta Berkeley VI	UK	680	0.3
Total Venture Capital Funds		**23,120**	**10.4**
Mezzanine Funds			
Hutton Collins III	Europe	4,160	1.9
Mezzanine Management IV	Europe	1,581	0.7
Accession Mezzanine II	Central & East Europe	1,289	0.6
Hutton Collins II	Europe	1,021	0.4
Accession Mezzanine I	Central & East Europe	380	0.2
Growth Capital II	UK	344	0.2
Hutton Collins I	Europe	144	0.1
International Mezzanine	Europe	98	–
1818 Mezzanine II	USA	76	–
Total Mezzanine Funds		**9,093**	**4.1**
Direct – Quoted			
Candover Investments	Europe	366	0.2
Other quoted holdings	Global	22	–
Total Direct – Quoted		**388**	**0.2**
Secondary Funds			
The Aurora Fund	Europe	4,649	2.1
Total Secondary Funds		**4,649**	**2.1**
Direct Investments/Co-investments			
Park Holidays	UK	4,827	2.2
Fox International	Europe	4,449	2.0
Harrington Brooks	UK	4,353	1.9
Avalon	UK	4,320	1.9
Ambio Holdings	USA	3,834	1.7
David Phillips	UK	3,770	1.7
HusCompagniet	Nordic	3,563	1.6
Meter Provida	UK	3,376	1.5
Recover Nordic	Nordic	3,177	1.4
Burgess Marine	UK	3,047	1.4
3SI	Global	2,921	1.3
Ticketscript	Europe	1,996	0.9
Safran	Nordic	1,647	0.7
Ionisos	Europe	1,574	0.7
Nutrisure	UK	1,300	0.6
Schaetti	Europe	1,276	0.6
Algeco Scotsman	Global	620	0.3
European Boating Holidays	Europe	324	0.1
Total Direct Investments/Co-investments		**50,374**	**22.5**
Total Portfolio		**223,378**	**100.0**

Statement of Comprehensive Income

	Notes	Six months ended 30 June 2015 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months ended 30 June 2014 (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2014 (audited) Revenue £'000	Capital £'000	Total £'000
Income										
Gains on investments held at fair value		**–**	**1,176**	**1,176**	–	992	992	–	18,588	18,588
Exchange gains		**–**	**3,266**	**3,266**	–	128	128	–	572	572
Investment income		**4,307**	**–**	**4,307**	2,220	–	2,220	3,971	–	3,971
Other income		**16**	**–**	**16**	11	–	11	27	–	27
Total income		**4,323**	**4,442**	**8,765**	2,231	1,120	3,351	3,998	19,160	23,158
Expenditure										
Investment management fee – basic fee	3	**(247)**	**(742)**	**(989)**	(258)	(774)	(1,032)	(516)	(1,548)	(2,064)
Investment management fee – performance fee	3	**–**	**(973)**	**(973)**	–	–	–	–	(1,085)	(1,085)
Other expenses		**(340)**	**–**	**(340)**	(301)	–	(301)	(745)	–	(745)
Total expenditure		**(587)**	**(1,715)**	**(2,302)**	(559)	(774)	(1,333)	(1,261)	(2,633)	(3,894)
Profit before finance costs and taxation		**3,736**	**2,727**	**6,463**	1,672	346	2,018	2,737	16,527	19,264
Finance costs	4	**(232)**	**(697)**	**(929)**	(196)	(2,533)	(2,729)	(349)	(4,854)	(5,203)
Profit/(loss) before taxation		**3,504**	**2,030**	**5,534**	1,476	(2,187)	(711)	2,388	11,673	14,061
Taxation		**(708)**	**708**	**–**	(318)	318	–	(441)	441	–
Profit/(loss) for the period/total comprehensive income		**2,796**	**2,738**	**5,534**	1,158	(1,869)	(711)	1,947	12,114	14,061
Return/(loss) per Ordinary Share – Basic	5	**3.87p**	**3.79p**	**7.66p**	1.60p	(2.58)p	(0.98)p	2.69p	16.76p	19.45p
Return/(loss) per Ordinary Share – Fully diluted	5	**3.77p**	**3.68p**	**7.45p**	1.56p	(2.52)p	(0.96)p	2.62p	16.32p	18.94p

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

All income is attributable to the equity holders of F&C Private Equity Trust plc. There are no minority interests.

Amounts Recognised as Dividends

	Six months ended 30 June 2015 (unaudited) £'000	Six months ended 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Final Ordinary Share dividend of 5.36p per share for the year ended 31 December 2013	**–**	3,874	3,874
Interim Ordinary Share dividend of 5.39p per share for the year ended 31 December 2014	**–**	–	3,896
Final Ordinary Share dividend of 5.45p per share for the year ended 31 December 2014	**3,939**	–	–
	3,939	3,874	7,770

The above table does not form part of the Statement of Comprehensive Income.

Balance Sheet

	Notes		As at 30 June 2015 (unaudited)		As at 30 June 2014 (unaudited)		As at 31 December 2014 (audited)
		£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets							
Investments at fair value through profit or loss			**223,378**		233,673		234,414
Subsidiary undertaking			**–**		56		–
			223,378		233,729		234,414
Current assets							
Other receivables		**32**		36		2,577	
Cash and short-term deposits		**18,617**		3,481		6,946	
			18,649		3,517		9,523
Current liabilities							
Other payables			**(16,533)**		(835)		(18,117)
Amounts due to subsidiary			**–**		(43,779)		–
Net current assets/(liabilities)			**2,116**		(41,097)		(8,594)
Total assets less current liabilities			**225,494**		192,632		225,820
Non-current liabilities							
Interest-bearing bank loan			**(20,391)**		–		(22,312)
Net assets			**205,103**		192,632		203,508
Equity							
Called-up ordinary share capital			**723**		723		723
Special distributable capital reserve			**15,679**		15,679		15,679
Special distributable revenue reserve			**31,403**		31,403		31,403
Capital redemption reserve			**1,335**		1,335		1,335
Capital reserve			**148,568**		139,682		149,769
Revenue reserve			**7,395**		3,810		4,599
Shareholders' funds			**205,103**		192,632		203,508
Net asset value per Ordinary Share – Basic	6		**283.75p**		266.50p		281.55p
Net asset value per Ordinary Share – Fully diluted	6		**279.69p**		262.90p		277.55p

Statement of Changes in Equity

	Share Capital £'000	Special Distributable Capital Reserve £'000	Special Distributable Revenue Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
For the six months ended 30 June 2015 (unaudited)							
Net assets at 1 January 2015	723	15,679	31,403	1,335	149,769	4,599	203,508
Profit for the period/total comprehensive income	–	–	–	–	2,738	2,796	5,534
Dividends paid	–	–	–	–	(3,939)	–	(3,939)
Net assets at 30 June 2015	**723**	**15,679**	**31,403**	**1,335**	**148,568**	**7,395**	**205,103**
For the six months ended 30 June 2014 (unaudited)							
Net assets at 1 January 2014	723	15,679	31,403	1,335	145,425	2,652	197,217
(Loss)/profit for the period/total comprehensive income	–	–	–	–	(1,869)	1,158	(711)
Dividends paid	–	–	–	–	(3,874)	–	(3,874)
Net assets at 30 June 2014	723	15,679	31,403	1,335	139,682	3,810	192,632
For the year ended 31 December 2014 (audited)							
Net assets at 1 January 2014	723	15,679	31,403	1,335	145,425	2,652	197,217
Profit for the year/total comprehensive income	–	–	–	–	12,114	1,947	14,061
Dividends paid	–	–	–	–	(7,770)	–	(7,770)
Net assets at 31 December 2014	723	15,679	31,403	1,335	149,769	4,599	203,508

Cash Flow Statement

	Six months ended 30 June 2015 (unaudited) £'000	Six months ended 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Operating activities			
Profit/(loss) before taxation	**5,534**	(711)	14,061
Gains on disposals of investments	**(10,292)**	(3,607)	(10,539)
Decrease/(increase) in holding gains	**9,116**	2,615	(8,049)
Exchange differences	**(3,266)**	(128)	(572)
Finance costs	**929**	2,729	5,203
Increase in other receivables	**(4)**	(9)	–
Decrease in other payables	**(206)**	(1,753)	(34)
Net cash inflow/(outflow) from operating activities	**1,811**	(864)	70
Investing activities			
Purchases of investments	**(19,177)**	(13,785)	(29,114)
Sales of investments	**33,938**	18,714	48,404
Net cash inflow from investing activities	**14,761**	4,929	19,290
Financing activities			
Repayment of bank loans	**–**	(7,286)	(7,286)
Draw down of bank loans	**–**	4,086	42,461
Amounts paid to subsidiary	**–**	–	(45,642)
Interest paid	**(848)**	(520)	(980)
Equity dividends paid	**(3,939)**	(3,874)	(7,770)
Net cash outflow from financing activities	**(4,787)**	(7,594)	(19,217)
Net increase/(decrease) in cash and cash equivalents	**11,785**	(3,529)	143
Currency (losses)/gains	**(114)**	1	(206)
Net increase/(decrease) in cash and cash equivalents	**11,671**	(3,528)	(63)
Opening cash and cash equivalents	**6,946**	7,009	7,009
Closing cash and cash equivalents	**18,617**	3,481	6,946

Notes to the Accounts

1 The condensed company financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 *'Interim Financial Reporting'* and the accounting policies set out in the statutory accounts for the year ended 31 December 2014. The condensed financial statements do not include all of the information and disclosures required for a complete set of IFRS financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2014, which were prepared under full IFRS requirements.

2 Earnings for the six months to 30 June 2015 should not be taken as a guide to the results for the year to 31 December 2015.

3 Investment management fee:

	Six months to 30 June 2015			Six months to 30 June 2014			Year ended 31 December 2014		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**247**	**742**	**989**	258	774	1,032	516	1,548	2,064
Performance fee	**–**	**973**	**973**	–	–	–	–	1,085	1,085
	247	**1,715**	**1,962**	258	774	1,032	516	2,633	3,149

4 Finance costs:

	Six months to 30 June 2015			Six months to 30 June 2014			Year ended 31 December 2014		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable on bank loans and overdrafts	**232**	**697**	**929**	196	589	785	349	1,047	1,396
Finance costs attributable to subsidiary loan	**–**	**–**	**–**	–	1,944	1,944	–	3,807	3,807
	232	**697**	**929**	196	2,533	2,729	349	4,854	5,203

5 The basic return per Ordinary Share is based on a net profit on ordinary activities after taxation of £5,534,000 (30 June 2014 – loss £711,000; 31 December 2014 – profit £14,061,000) and on 72,282,273 (30 June 2014 – 72,282,273; 31 December 2014 – 72,282,273) shares, being the weighted average number of Ordinary Shares in issue during the period.

The fully diluted return per Ordinary Share is based on a net profit on ordinary activities after taxation of £5,534,000 (30 June 2014 – loss 711,000; 31 December 2014 – profit £14,061,000) and on 74,241,429 (30 June 2014 – 74,241,429; 31 December 2014 – 74,241,429) shares, being the weighted average number of Ordinary Shares in issue during the period after conversion of the Ordinary Share warrants.

6 The basic net asset value per Ordinary Share is based on net assets at the period end of £205,103,000 (30 June 2014 – £192,632,000; 31 December 2014 – £203,508,000) and on 72,282,273 (30 June 2014 – 72,282,273; 31 December 2014 – 72,282,273) shares, being the number of Ordinary Shares in issue at the period end.

The fully diluted net asset value per Ordinary Share is based on net assets at the period end of £207,649,000 (30 June 2014 – £195,178,000; 31 December 2014 – £206,054,000) and on 74,241,429 (30 June 2014 – 74,241,429; 31 December 2014 – 74,241,429) shares, being the number of Ordinary Shares in issue at the period end after conversion of the Ordinary Share warrants.

Since the end of the period, the Company has bought back 300,000 Ordinary Shares for cancellation.

7 The fair value measurements for financial assets and liabilities are categorised into different levels in the fair value hierarchy based on inputs to valuation techniques used. The different levels are defined as follows:

Level 1 reflects financial instruments quoted in an active market.

Level 2 reflects financial instruments whose fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables includes only data from observable markets.

Level 3 reflects financial instruments whose fair value is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2015				
Financial assets				
Investments	**406**	**–**	**222,972**	**223,378**
30 June 2014				
Financial assets				
Investments	1,897	–	231,776	233,673
31 December 2014				
Financial assets				
Investments	560	–	233,854	234,414

There were no transfers between levels in the fair value hierarchy in the period ended 30 June 2015. Transfers between levels of the fair value hierarchy are deemed to have occurred at the date of the event that caused the transfer.

Valuation techniques

Quoted fixed asset investments held are valued at bid prices which equate to their fair values. Unlisted investments are fair valued by the Directors. The fair value of a holding is based on the Company's share of the total net asset value of the fund or share of the valuation of the co-investment calculated by the lead private equity manager on a quarterly basis. The lead private equity manager derives the net asset value of a fund from the fair value of underlying investments. The fair value of these underlying investments and the Company's co-investments is calculated using methodology which is consistent with the International Private Equity and Venture Capital Valuation Guidelines ('IPEG'). In accordance with IPEG these investments are generally valued using an appropriate multiple of maintainable earnings, which has been derived from comparable multiples of quoted companies or recent transactions. The F&C private equity team has access to the underlying valuations used by the lead private equity managers including multiples and any adjustments. The F&C private equity team generally values the Company's holdings in line with the lead managers but may make adjustments where they do not believe the underlying managers' valuations represent fair value. On a quarterly basis, the F&C private equity team present the valuations to the Board. This includes a discussion of the major assumptions used in the valuations, which focuses on significant investments and significant changes in the fair value of investments. If considered appropriate, the Board will approve the valuations. The fair values of all of the Company's other financial assets and liabilities are not materially different from their carrying values in the balance sheet.

Significant unobservable inputs for Level 3 valuations

The Company's unlisted investments are all classified as Level 3 investments. The fair values of the unlisted investments have been determined principally by reference to earnings multiples, with adjustments made as appropriate to reflect matters such as the sizes of the holdings and liquidity. The weighted average earnings multiple for the portfolio as at 30 June 2015 was 7.9 times EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) (30 June 2014: 7.8 times EBITDA; 31 December 2014: 7.7 times EBITDA).

Notes to the Accounts (cont'd)

The significant unobservable input used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are shown below:

Period ended	Input	Sensitivity used*	Effect on fair value £'000
30 June 2015	Weighted average earnings multiple	1x	39,816
30 June 2014	Weighted average earnings multiple	1x	44,572
31 December 2014	Weighted average earnings multiple	1x	44,972

*The sensitivity analysis refers to an amount added or deducted from the input and the effect this has on the fair value.

The fair value of the Company's unlisted investments are sensitive to changes in the assumed earnings multiples. The managers of the underlying funds assume an earnings multiple for each holding. An increase in the weighted average earnings multiple would lead to an increase in the fair value of the investment portfolio and a decrease in the multiple would lead to a decrease in the fair value.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the period:

	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
Balance at beginning of period	**233,854**	236,308	236,308
Purchases	**19,177**	13,785	29,114
Sales	**(31,383)**	(18,714)	(49,826)
Gains on disposal	**10,285**	3,999	10,909
In specie distribution	**(23)**	(165)	(165)
(Decrease)/increase in holding gains	**(8,938)**	(3,437)	7,514
Balance at end of period	**222,972**	231,776	233,854

8 In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council. They have considered the current cash position of the Company, the availability of the Company's loan facility and compliance with its covenants. They have also considered forecast cash flows, especially those relating to capital commitments and realisations.

As at 30 June 2015, the Company had outstanding undrawn commitments of £64.7 million. Of this amount, approximately £18 million is to funds where the investment period has expired and the Manager would expect very little of this to be drawn. Of the outstanding undrawn commitments remaining within their investment periods, the Manager would expect that a significant amount will not be drawn before these periods expire.

Based on this information the Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the accounts. Accordingly, the accounts have been prepared on a going concern basis.

9 These are not statutory accounts in terms of Section 434 of the Companies Act 2006 and have not been audited or reviewed by the Company's auditors. The information for the year ended 31 December 2014 has been extracted from the latest published financial statements which received an unqualified audit report and have been filed with the Registrar of Companies. No statutory accounts in respect of any period after 31 December 2014 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

Statement of Principal Risks and Uncertainties

The Directors believe that the principal risks and uncertainties faced by the Company include investment and strategic, external, regulatory, operational, financial and funding. The Company is also exposed to risks in relation to its financial instruments. These risks, and the way in which they are managed, are described in more detail under the heading Principal Risks and Uncertainties and Risk Management within the Business Model and Strategy in the Annual Report for the year ended 31 December 2014. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

Statement of Directors' Responsibilities in Respect of the Half Year Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements have been prepared in accordance with IAS 34 *'Interim Financial Reporting'* and give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Chairman's Statement and Manager's Review (together constituting the Interim Management Report) include a fair review of the information required by the Disclosure and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

Mark Tennant
Chairman

28 August 2015

Shareholder Information

Dividends

Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on request. Where dividends are paid to shareholders' bank accounts, dividend tax vouchers are sent directly to shareholders' registered addresses.

Dividend Reinvestment Plan

Shareholders who wish to use their dividends to purchase further shares in the Company by participating in the Company's Dividend Reinvestment Plan can complete an application form which may be obtained from Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU on request.

Share Price

The Company's shares are listed on the London Stock Exchange. Prices are given daily in the *Financial Times* and in other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Capita Asset Services under the signature of the registered holder.

Website

Additional information regarding the Company may be found at its website address which is: www.fcpet.co.uk

Warning to Shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from **www.fca.org.uk** to see if the person or firm contacting you is authorised by the Financial Conduct Authority ('FCA')
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at **www.fca.org.uk/scams**
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at **www.fca.org.uk/scams** where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

How to Invest

One of the most convenient ways to invest in F&C Private Equity Trust plc is through one of the savings plans run by F&C Investments.

F&C Investment Trust ISA

Use your ISA allowance to make an annual tax-efficient investment of up to £15,240 for 2015/16 tax year with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250 and transfer any existing ISAs to us whilst maintaining all the tax benefits.

F&C Junior ISA (JISA)

This is a tax-efficient savings plan for children who did not qualify for a CTF. It allows you to invest up to £4,080 for 2015/16 tax year with all the tax benefits of the CTF. You can invest from £30 a month, or £500 lump sum, or a combination of both. Since 6 April 2015, CTF holders can choose to transfer an existing CTF to a Junior ISA.

F&C Child Trust Fund (CTF)

CTFs are closed to new investors; however, if your child has a CTF with another provider, it is easy to transfer it to F&C. Since 6 April 2015, the Registered Contact on a CTF can choose to transfer an existing CTF to a Junior ISA. Additional contributions can be made to the shares account version of the CTF from as little as £25 per month or £100 lump sum – up to a maximum of £4,080 for 2015/16 tax year.

F&C Private Investor Plan (PIP)

A flexible way to invest with a lump sum from £500 or regular savings from £50 a month. You can also make additional lump sum top-ups at any time from £250.

F&C Children's Investment Plan (CIP)

A flexible way to save for a child. With no maximum contributions, the plan can easily be set-up under bare trust (where the child is noted as the beneficial owner) to help reduce inheritance tax liability or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month. You can also make additional lump sum top-ups at any time from £100.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the individual. The CTF and JISA accounts are opened in the child's name. Money cannot be withdrawn until the child turns 18.

Annual management charges and certain transaction costs apply according to the type of plan.

Annual account charge

ISA: £60+VAT

PIP: £40+VAT

JISA/CIP/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits)

Dealing charge per holding

ISA: 0.2%

PIP/CIP/JISA: postal instructions £12, online instruction £8.

The dealing charge applies when shares are bought or sold but the fixed rate charge does not apply to the reinvestment of dividends for the PIP/CIP/JISA or the investment of regular monthly savings.

There is no dealing charge on a CTF but a switching charge of £25 applies if more than two switches are carried out in one year.

Government stamp duty of 0.5% also applies on purchases (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan. For full details of charges, please read the Key Features and Terms and Conditions of the plan before investing.

How to invest

You can invest in all our savings plans online.

New customers:

Contact our Investor Services Team

Call: **0800 136 420**
(8:30am – 5:30pm, weekdays, calls may be recorded for training and quality purposes)

Email: **info@fandc.com**

Investing online: **www.fandc.com/apply**

Existing plan holders:

Contact our Investor Services Team

Call: **0345 600 3030**
(9:00am – 5:00pm, weekdays, calls may be recorded for training and quality purposes)

Email: **investor.enquiries@fandc.com**

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F&C Investments CLIENTS FIRST RESPECT ACCOUNTABILITY INNOVATION

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David Shaw

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† Chairman of the Audit Committee

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