

QUARTERLY REPORT

for the period from 1 January 2007 to 31 March 2007



INVESTMENT MANAGER'S REPORT

Princess Private Equity Holding Limited ("Princess") is an investment holding company domiciled in Guernsey that invests in private equity and private debt investments.

Investments include primary and secondary fund investments, direct investments and listed private equity. Princess aims to provide shareholders with long-term capital growth and an attractive dividend yield in the mid- to long-term.

The shares deliverable in the form of co-ownership interests in a global bearer certificate are traded on the Frankfurt Stock Exchange.

This document is not intended to be an investment advertisement or sales instrument; it constitutes neither an offer nor an attempt to solicit offers for the product described herein. This report was prepared using financial information contained in the company's books and records as of the reporting date. This information is believed to be accurate but has not been audited by any third party. This report describes past performance, which may not be indicative of future results. The company does not accept any liability for actions taken on the basis of the information provided.

CONVINCING FIRST QUARTER 2007

The net asset value (NAV) of Princess gained a further 4% in the first three months of the year to close at an all-time high of EUR 94.94 per share. A number of underlying partnerships in the portfolio – Silver Lake Partners, Newbridge Asia II and Permira Europe II, to name just a few – reported large write-ups in their 2006 year-end results and this has resulted in a revaluation of the Princess private equity portfolio.

During the past quarter, Princess shares traded on the Frankfurt Stock Exchange between the range of EUR 76.00 and EUR 89.00 per share and closed at EUR 84.50. This represents an increase of 5.63% since the beginning of the year and a gain of 18% over the final trading price of the bond prior to conversion.

EUR 278M IN NEW COMMITMENTS

Following the successful conversion into shares in late 2006, Princess immediately started to make new investments within the parameters of its new investment policy, as approved under the broad restructuring. To ensure that Princess' shareholders are able to participate in the full upside potential of the private equity portfolio as it stands and in the future, Princess has placed and will continue to place an emphasis on substantially raising the investment level. After having resumed its commitment activity in late 2006 with two commitments to European buyout funds, Princess committed a total of EUR 278m in the first quarter of 2007. Of this total, EUR 209m was committed to 15 mainly vintage 2006 primary and secondary partnerships, including such renowned names as Doughty Hanson & Co V, Providence Equity Partners VI-A, Silver Lake Partners III and Thomas H. Lee Parallel Fund VI.

MAKES FIRST DIRECT INVESTMENTS

In line with the amended investment policy, Princess made its first direct investments. Among these was a commitment to Partners Group Direct Investments 2006, L.P., which it made in January. This commitment has already enabled Princess to gain direct exposure to over ten private companies. As Partners Group acts as the Investment Advisor to both companies, Partners Group Direct Investments 2006, L.P. does not levy any additional fees and costs at the fund level for Princess and its investors with respect to the investments made by the fund. Princess also benefited from the Investment Advisor's strong deal flow on the direct investment side, both for equity and mezzanine participations. This resulted in another 5 new direct investments for Princess: equity investments were made in Reader's Digest

and GNC, while Princess participated in the mezzanine financing for AHT Cooling Systems, Ferretti SpA and Plan-tasjen.

The direct investments in the Princess portfolio accounted for two thirds of all capital calls during the quarter, thus helping Princess to quickly increase its exposure to private equity. Besides the EUR 56.41m that was paid out for the new direct investments, Princess funded EUR 28.08m in capital calls from existing partnerships in the first quarter of 2007. This brings total new investments funded during the past quarter to EUR 84.49m, making it one of the busiest quarters since the early days of Princess.

During the first three months of 2007, the partnerships returned some EUR 45.89m in distribution proceeds to

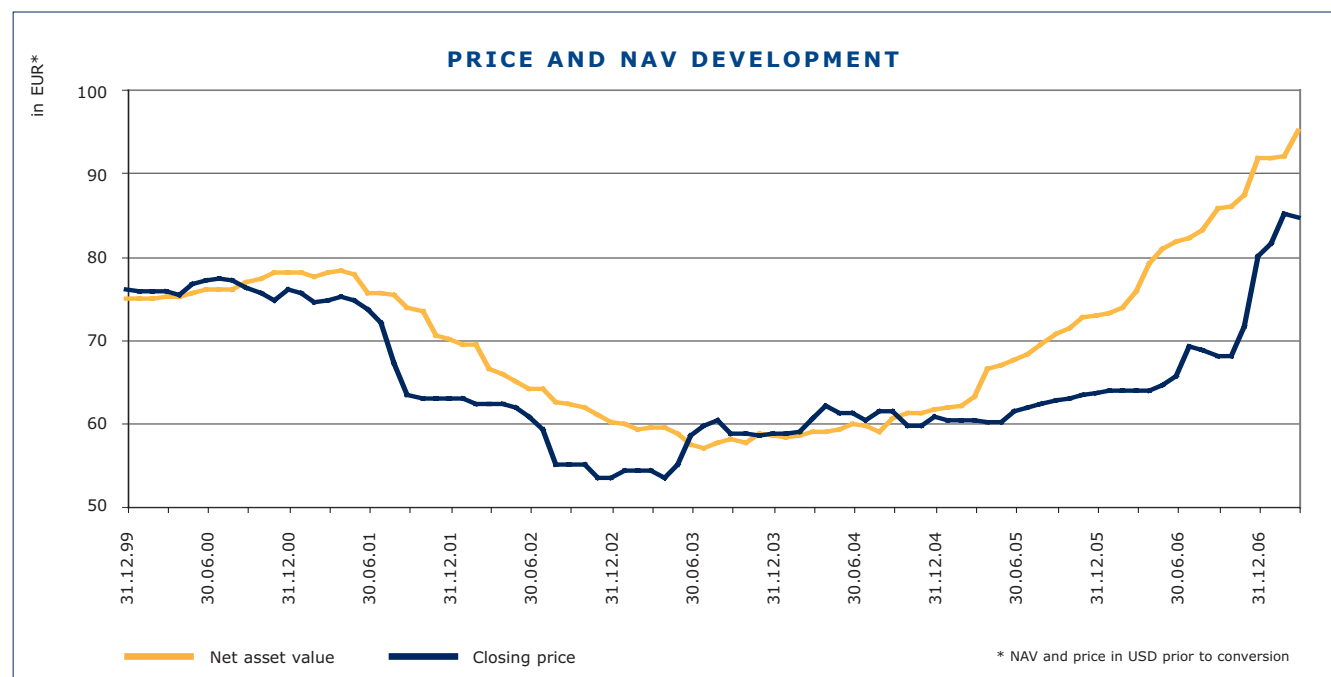
Princess. Larger distribution proceeds were received from T3 Partners following their sale of further shares in MEMC, Doughty Hanson & Co European Real Estate Fund following their disposal of Munich-based Maximilianhöfe and Bridge-point Europe I "D" having sold, amongst others, its pump business Longville.

INVESTMENT LEVEL INCREASES

Due to the new direct investments and brisker investment activity, especially that of the younger vintage portfolio partnerships, drawdowns exceeded distributions for the first time in any quarter in over three years and Princess was therefore able to deploy some of its existing cash reserves. This, together with the revaluations in the portfolio, led to a significant increase in the investment level. It now stands at 74%, well above the 67% as at year-end 2006.

OUTLOOK

Over the next few months, Princess aims to keep up its investment activity so as to reach full investment by 2008. Having now "caught up" with vintage 2006 commitments, investment activity will continue at a more moderate pace until the end of the year. The NAV is expected to continue its positive trend throughout 2007, albeit at a slightly lower rate due to the renewed investment activity. At the Annual General Meeting, which will be held on 12 April 2007, Princess will propose the payment of a semi-annual dividend of EUR 2.74 per Ordinary Share on 30 April 2007, conditional on the share premium reduction being approved by the Royal Court of Guernsey. The semi-annual dividend proposed equals 3.00% of the NAV of Princess as per 31 December 2006.



MARKET TRENDS

The private equity industry has recently had to face criticism from the media and trade unions, especially in Europe and the UK. In the latter case, trade unions carried out a review of the private equity industry and came to the conclusion that the industry destroys jobs and overloads companies with debt, and that by restructuring a company private equity is not really increasing the value of it. The criticism levied over the past few months has prompted the industry to discuss the value-add to the economy created by private equity, including at leading economic events as the World Economic Forum in Davos and the SuperReturn conference in Frankfurt.

THE PUBLIC PERCEPTION OF PRIVATE EQUITY

That the discussion about the private equity industry is being taken seriously is reflected by the fact that politicians have even entered the debate and are voicing their opinions about the advantages and disadvantages of this economic sector. In the UK in particular, top politicians, like the Prime Minister Tony Blair, have rallied to the defense of the private equity industry. Tony Blair has stated that private equity firms have an "important function" in the economy, adding that "Britain is one of the number one places in the world for private equity and the private equity market brings a lot of benefits to the British economy". Further, according to the European Union's internal markets commissioner, Charlie McCreevy, the private equity industry provides greater liquidity, adds shareholder value and helps the rationalization and innovation of companies.

PRIVATE EQUITY CREATES ONE MILLION NEW JOBS

Analyzing the impact of private equity, there appear to be many aspects where private equity groups add value to companies and to the global economy as a whole. The private equity industry is at the heart of the European economy, actively investing in and supporting high potential companies in existing industry sectors as well as creating new innovative enterprises. This investment helps to enhance and sustain economic growth, support innovation and crucially contributes to job creation across Europe. According to the European Private Equity & Venture Capital Association, European Private equity-financed companies created one million new jobs between 2000 and 2004. Over the same period, employment in private equity-financed companies

grew by an average rate of 5.4% annually. This is eight times the annual growth rate of total employment in the European Union.

According to a study conducted by Nottingham University's Centre for Management Buy-Out Research (CMBOR), private equity is beneficial for employment and staff empowerment. The study, based on 400 management buyouts in the UK between 1999 and 2004, found that although employment levels typically fell 2.3% in the year after a buyout, they subsequently rose significantly. After five years, employment levels were, on average, 26% higher than before the buyout.

A second study conducted by the Association Française des Investisseurs en Capital on the impact of buyouts on the French labor market between 2002 and 2005 highlighted that the workforce at private equity-financed companies increased by an annual average of 4.1%, whereas the French national average stood at 0.6% over the same period. The study also pointed out that employees have greater access to non-wage benefits such as stock ownership, incentives, company saving plans and stock options. Employees at private equity-backed companies are typically more involved in and loyal to their companies. Average absenteeism and staff turnover rates decline substantially after a buyout transaction.

ADVANTAGES OF PRIVATELY-HELD COMPANIES

Private equity benefits the economy by creating, as well as restructuring publicly-held companies into, efficient private companies. Changing a company from being a publicly-held to a privately-held one means concentrating its ownership

among the management and private equity firms. In such an environment, the owners of the company can work without continuous pressure from the different shareholders, who are mainly concerned about the short-term share price performance of the company. Private equity firms are able to develop their companies unencumbered by such issues and thus can manage them more efficiently, creating long-term value.

In the light of recent criticism, an increasing number of representatives from the private equity industry are stepping forward to underline the advantages of private equity for national economies. Damon Buffini, head of European buyout firm Permira, said in an interview with the BBC that "private equity is a business of creating strong long-term competitive businesses ... that's in the best interests of all stakeholders, especially employees. In a global economy, there is no job security unless a business is profitable and sustainable – and that is what private equity is doing".

SUCCESS OF REVERSE LEVERAGED BUYOUTS

The efficiency and value of companies held by private equity firms can also be measured through the success of reverse leveraged buyouts (RLBOs). In essence, RLBOs are the public offering of new shares in a company or part of a company that had been taken private in an initial leveraged buyout. A study by the Harvard Business School that analyzed almost 500 private equity-led initial public offerings (IPOs) over a 22-year period from 1980 to 2002 concluded that RLBOs generally outperformed other types of IPOs and the market as a whole. For example, RLBOs created a raw buy-and-hold return of 18.3% over one year, 43.8% over three years and 72.3% over five years after the IPO, the

study found. The outperformance of RLBOs can be attributed to the fact that private equity groups create well-functioning private firms, which then succeed in the public market.

FIRST STEPS TOWARDS MORE TRANSPARENCY

Private equity firms are not obligated to publish any details about their business or their transactions. In the face of recent criticism, industry representatives are now trying to improve the public's understanding of what private equity can achieve. The US recently set a good example by launching the Private Equity Council (PEC). The aim of the PEC is to help fill the "knowledge gap" that the public has of the private equity industry. In Europe, the British Venture Capital Association (BVCA) has taken similar initiatives to communicate with the public.

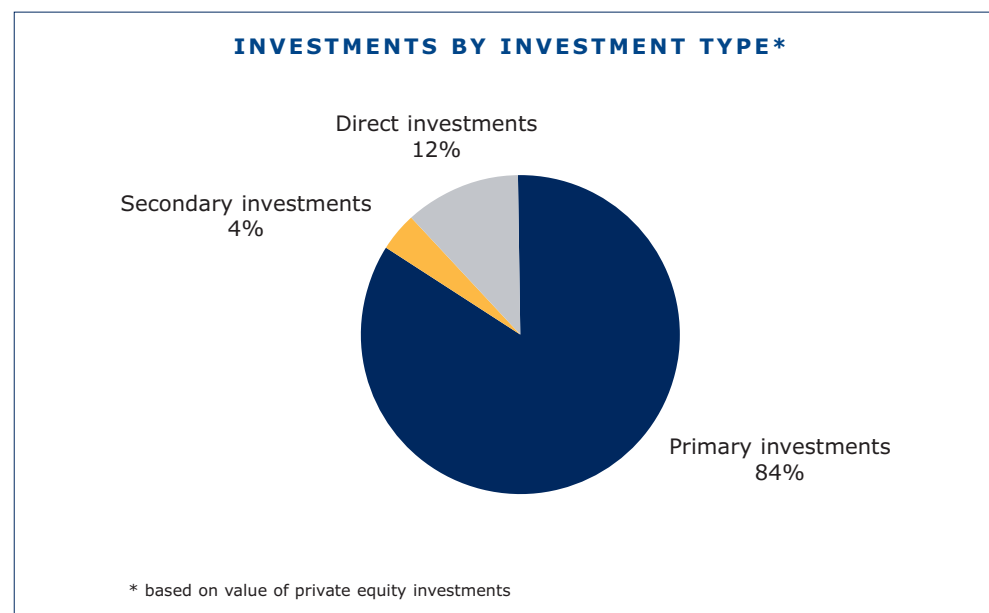
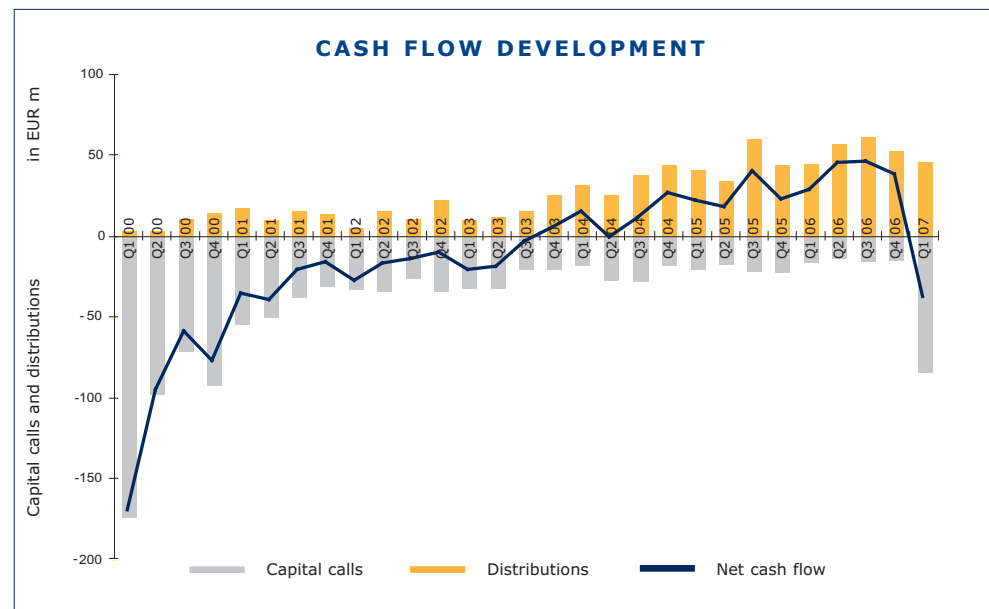
In general, greater transparency would certainly help to show what benefits private equity brings to the economy: private equity has a positive influence in terms of reorganizing companies and redesigning corporate structures, as well as providing sustainable, high-quality jobs across the globe. Besides the benefits to the global economy, investors in the private equity asset class also benefit from the outstanding return potential the asset class provides.

PORTFOLIO ALLOCATION

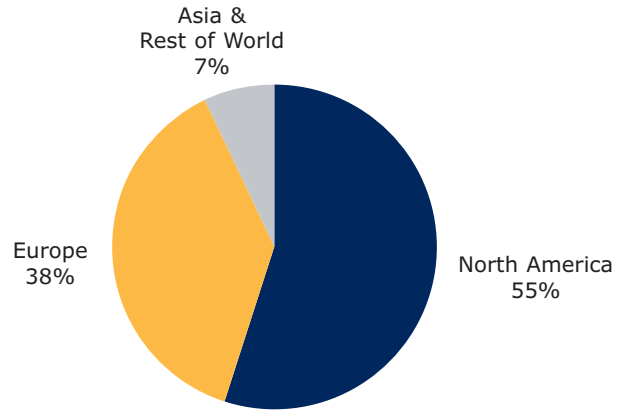
Capital calls for new investments exceed proceeds from realizations for the first time since three years underlining the increased investment activity in the Princess portfolio.

The portfolio is well-balanced and broadly diversified according to regions, financing stages and industry sectors.

With the first direct investments the Princess portfolio starts to gain a broader exposure to different investment types in line with the amended investment policy.

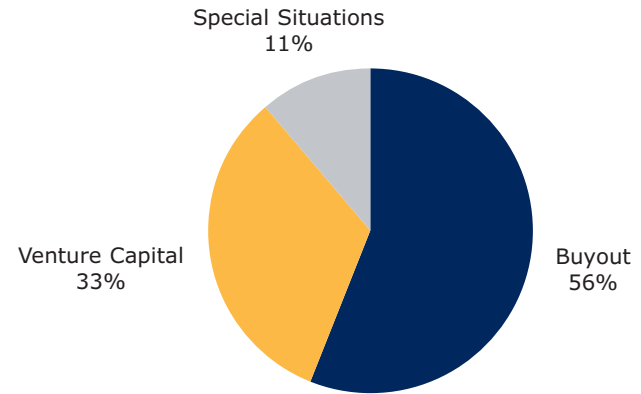


INVESTMENTS BY REGION*



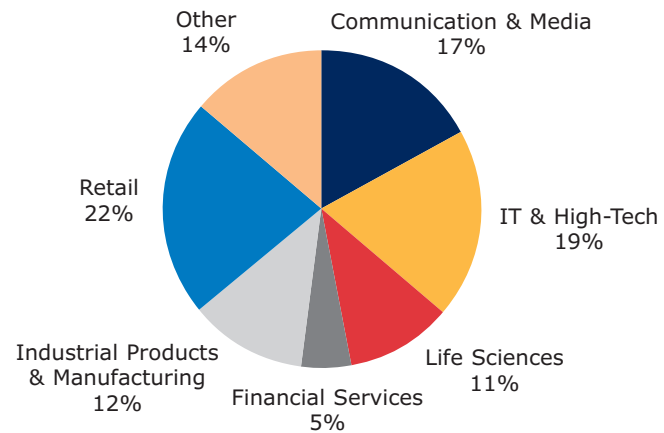
* based on value of private equity investments

INVESTMENTS BY FINANCING STAGE*



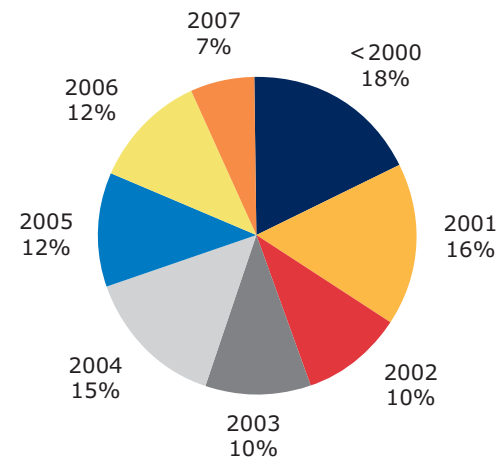
* based on value of private equity investments

INVESTMENTS BY INDUSTRY SECTOR*



* based on value of private equity investments

INVESTMENTS BY INVESTMENT YEAR*



* based on value of private equity investments

PORTFOLIO

Besides new primary and secondary commitments, Princess also made its very first direct investments in the first quarter of 2007.

Princess funded EUR 84m in capital calls from partnerships and for direct investments and received EUR 46m in distributions during the past quarter. Unfunded commitments at the end of the quarter totaled EUR 413m.

NEW COMMITMENTS TO PARTNERSHIPS

During the first quarter of 2007, Princess made new commitments to 14 mostly vintage 2006 primary funds and one secondary fund. Many of the primary funds that were added to the portfolio were oversubscribed, but thanks to the Investments Advisor's longstanding relationships with the funds and their managers, Princess was able to gain access and secure an allocation.

On the primary side, commitments included European buy-out funds Apax Europe VII-B, Doughty Hanson & Co V, GMT Communications Partners III, Magenta and Quadriga Capital Private Equity Fund III. North American buyout funds added to the portfolio were Apax US VII, Avista Capital Partners (Offshore), Green Equity Investors V, Providence Equity Partners VI-A, Silver Lake Partners III and Thomas H. Lee Parallel fund VI. In addition, Princess secured an allocation in European mezzanine fund ICG European Fund 2006 and in North American venture capital fund SV Life Sciences Fund IV. With the commitment to Partners Group Emerging Markets 2007 Princess increased its exposure towards the Asian and Rest of World region.

On the secondary side, Princess acquired a stake in the Aksia Capital III portfolio.

For the rest of 2007, Princess will mainly focus on European buyout partnerships.

SELECTED NEW DIRECT INVESTMENTS

AHT Cooling Systems GmbH

In March, Princess completed a direct mezzanine investment in AHT Cooling Systems. The company is active in industrial refrigeration and deep freezing, with its main areas of business being fridges and deep freezers for supermarkets, ice cream freezers and drink cooling systems. AHT Cooling Systems is a leading global manufacturer in the sector. It employs around 650 people, including 150 temporary employees to cope with peak production levels.

Ferretti SpA

In March, Princess was invited by Royal Bank of Scotland to participate in the mezzanine financing for Ferretti SpA, a leading manufacturer of high-performance luxury motor yachts that was sold by Permira to Candover last October. Majority equity funding was provided at the time by the Candover 2005 Fund – which is also a Princess partnership – with Permira, the Chairman Norberto Ferretti and his management team re-investing into the company. With the backing of the new investors, Ferretti can continue to expand its business internationally, both organically and through acquisitions, in order to sustain its position as the world's leading manufacturer of high-performance luxury yachts.

General Nutrition Centers, Inc. (GNC)

In March, Princess received an invitation from Ares Management to participate in a direct investment related to the buy-out of GNC, the largest global specialty retailer of nutritional products, vitamin, mineral, herbal and other specialty supplements and sports nutrition, diet and energy products. The company has more than 4,800 retail locations throughout the US and franchise operations in 46 international markets. Ares Management and the other investors have acquired

GNC from Apollo for a total enterprise value of USD 1.65bn. The private equity investors believe GNC is well positioned for future growth.

Plantasjen

In December 2006, Apax Partners acquired Plantasjen, a leading Nordic garden centre chain with 72 stores across Norway, Sweden and Finland. The company's stores provide a wide assortment of products for gardens and terraces as well as cut flowers and house plants. The transaction was supported by debt facilities and Princess was invited to participate in the mezzanine financing. The private equity investors backing Plantasjen will work with the management of the company to rapidly grow Plantasjen in the Nordic countries and beyond.

The Reader's Digest Association, Inc.

In November 2006, an investor group led by Ripplewood Holdings announced that it had entered into a definitive merger agreement to acquire The Reader's Digest Association, Inc., in a USD 2.4bn transaction. In February 2007, Princess was invited to invest directly into Reader's Digest, a publisher and direct marketing company that creates and delivers content and products for magazines, books, recorded music collections, home videos and online websites. Reader's Digest Magazine, its flagship publication, is published in 21 languages and has a monthly circulation of approximately 18m copies.

SELECTED NEW EXITS

Silver Lake Partners, L.P.

Warburg Pincus International Partners, L.P.

In January, Princess partnerships Silver Lake Partners and Warburg Pincus more than doubled their money on the USD 3.5bn sale of UGS to German electrical engineering and electronics company Siemens. The private equity firms had acquired UGS, a global provider of product lifecycle management software and services for manufacturing organizations, in May 2004. Over the time of the investment, UGS' management team has successfully grown earnings organically and through acquisitions, refreshed major product lines and expanded its customer base.

Doughty Hanson & Co European Real Estate Fund

In February, Princess partnership Doughty Hanson & Co European Real Estate Fund announced the sale of *Maximilianhöfe* to Quinlan Private for a total transaction value of EUR 270m. Maximilianhöfe is a flagship property on Munich's Maximilianstrasse and is situated between the historical buildings of the Bavarian State Opera and the Kempinski Hotel Vier Jahreszeiten. Doughty Hanson had acquired the site in March 2000. Including the returns from the refinancing in 2005, the sale will return 5.7 times the fund's equity investment to investors.

PORTFOLIO OVERVIEW

PRIMARY INVESTMENTS

Europe – Buyout

3i Europartners IIIA, L.P.
 3i Eurofund Vb, L.P.
Apax Europe VII-B, L.P.
 Astorg II, FCPR
 BC European Capital VIII, L.P.
 Botts Capital Partners, L.P.
 Bridgepoint Europe I “D”, L.P.
 Bridgepoint Europe III, L.P.
 Candover 2005 Fund
Doughty Hanson & Co V, L.P.
 Fourth Cinven Fund, L.P.
GMT Communications Partners III, L.P.
 Graphite Capital Partners V, L.P.
 Industri Kapital 2000, L.P.
 Italian Private Equity Fund III, L.P.
Magenta, L.P.
 Mercapital Spanish Private Equity Fund II, L.P.
 Nordic Capital IV, L.P.
 Nordic Capital VI, L.P.
 Palamon European Equity “C”, L.P.
 Partners Private Equity, L.P.
 Permira Europe II, L.P.
 Quadriga Capital Private Equity Fund II, L.P.
Quadriga Capital Private Equity Fund III, L.P.
 Segulah II
 Terra Firma Capital Partners III, L.P.
 Warburg Pincus International Partners, L.P.

Europe – Venture Capital

Abingworth Bioventures III, L.P.
 Elderstreet Capital Partners, L.P.
 European E-Commerce Fund
 European Equity Partners (III), L.P.

European Equity Partners (IV), L.P.
 GMT Communications Partners II, L.P.
 Galileo III, L.P.
 Index Ventures I (Jersey), L.P.
 Merlin Biosciences Fund, L.P.
 SV Life Sciences Fund II
 Wellington Partners II, L.P.

Europe – Special Situations

Coller International Partners III, L.P.
 Doughty Hanson & Co. European Real Estate Fund, L.P.
 ICG Mezzanine Fund 2000, L.P. No. 2
ICG European Fund 2006, L.P.
 Mezzanine Management Fund III, L.P.
 The Rutlund Fund

North America – Buyout

American Securities Partners III, L.P.
Apax US VII, L.P.
 Apollo Overseas Partners VI, L.P.
 Apollo Investment Fund V, L.P.
Avista Capital Partners (Offshore) L.P.
 Blackstone Communications Partners I, L.P.
 Bruckmann, Rosser, Sherrill & Co. II, L.P.
 Carlyle Partners III, L.P.
 Clayton, Dubilier & Rice Fund VII, L.P.
 Fenway Partners Capital Fund II, L.P.
Green Equity Investors V, L.P.
 Heritage Fund III, L.P.
 INVESCO U.S. Buyout Partnership Fund II, L.P.
 Kohlberg TE Investors IV, L.P.
 Providence Equity Partners IV, L.P.
Providence Equity Partners VI-A, L.P.
 Silver Lake Partners, L.P.
Silver Lake Partners III, L.P.
 Sterling Investment Partners II, L.P.

T3 Partners, L.P.
TPG Partners III, L.P.
Thomas H. Lee Parallel Fund V, L.P.
Thomas H. Lee Parallel Fund VI, L.P.
Thomas Weisel Capital Partners, L.P.
Vestar Capital Partners IV, L.P.
Warburg Pincus Private Equity IX, L.P.

North America – Venture Capital

Apax Excelsior VI, L.P.
Access Technology Partners, L.P.
Advanced Technology Ventures VI, L.P.
Austin Ventures VII, L.P.
Battery Ventures VI, L.P.
Cardinal Health Partners II, L.P.
Catterton Partners IV Offshore, L.P.
Chancellor V, L.P.
Columbia Capital Equity Partners III, L.P.
Crescendo IV, L.P.
Dolphin Communications Fund, L.P.
Draper Fisher Jurvetson Fund VII, L.P.
EnerTech Capital Partners II, L.P.
Infinity Capital Venture Fund 1999, L.P.
INVESCO Venture Partnership Fund II, L.P.
INVESCO Venture Partnership Fund II-A, L.P.
Lightspeed Venture Partners VI, L.P.
Menlo Ventures IX, L.P.
Morgan Stanley Venture Partners IV, L.P.
Morgenthaler Partners VII, L.P.
Prism Venture Partners IV, L.P.
Sevin Rosen Fund VIII, L.P.
Sierra Ventures VIII-A, L.P.
Summit Ventures VI-B, L.P.
SV Life Sciences Fund IV, L.P.
TA IX, L.P.
TH Lee Putnam Ventures Parallel, L.P.

TL Ventures V, L.P.
Vortex Corporate Development Fund, L.P.
Worldview Technology Partners III, L.P.

North America – Special Situations

Ares Corporation Opportunities Fund II, L.P.
Blackstone Mezzanine Partners, L.P.
Canterbury Mezzanine Capital II, L.P.
Levine Leichtman Capital Partners II, L.P.
OCM Opportunities Fund III, L.P.
OCM Mezzanine Fund II, L.P.
OCM/GFI Power Opportunities Fund, L.P.
Pegasus Partners II, L.P.
Pensinsula Fund IV, L.P.
TCW/Crescent Mezzanine Partners III, L.P.

Asia & Rest of World – Buyout

Advent Latin American Private Equity Fund II, L.P.
Exxel Capital Partners VI, L.P.
Newbridge Asia III, L.P.
Partners Group Emerging Markets 2007, L.P.
Polish Enterprise Fund IV, L.P.
Unison Capital Partners, L.P.

Asia & Rest of World – Venture Capital

Carmel Software Fund (Cayman), L.P.
Crimson Velocity Fund, L.P.
Genesis Partners II LDC
Jerusalem Venture Partners III, L.P.
Pitango Venture Capital Fund III

SECONDARY INVESTMENTS

Aksia Capital III, L.P.
Chase 1998 Pool Participation Fund, L.P.
Coller International Partners III NW1, L.P.
Coller International Partners III NW2, L.P.
Doughty Hanson & Co Fund III, L.P.
Partners Group SPP1 Limited
Second Cinven Fund (No. 2), L.P.
William Blair Capital Partners VI, L.P.

DIRECT INVESTMENTS

AHT Cooling Systems GmbH
Ferretti SpA
General Nutrition Centers, Inc. (GNC)
Plantasjen
Partners Group Direct Investments 2006, L.P.
The Reader's Digest Association, Inc.

New commitments and investments added this quarter are stated in italics.



CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

for the period from 1 January 2007 to 31 March 2007

CONSOLIDATED UNAUDITED INCOME STATEMENT

for the period from 1 January 2007 to 31 March 2007

	Notes	01.01.2007– 31.03.2007 EUR	01.01.2006– 31.03.2006 EUR
Net income from limited partnerships and directly held investments		26,709,564	20,006,646
– Dividend and interest income	3	2,209,698	915,380
– Revaluation	3	26,539,026	17,963,893
– Foreign exchange gains & losses	3	(2,039,160)	1,127,373
Net income from short-term investments		301,065	431,419
– Gains and losses		950,535	431,419
– Interest on short-term investments		240,388	–
– Foreign exchange gains & losses		(889,858)	–
Net income from cash & cash equivalents		170,669	337,193
– Interest income		876,457	244,016
– Foreign exchange gains & losses		(705,788)	93,177
Operating income		27,181,298	20,775,258
Operating expenses		(2,965,190)	(4,634,061)
– Management fee		(3,196,349)	(2,295,404)
– Insurance fee		–	(1,739,891)
– Administration fee		(81,766)	(63,839)
– Other foreign exchange gains & losses		626,932	(500,636)
– Other operating expenses		(314,007)	(34,291)
Financing cost		(12,704)	(8,340,216)
– Finance cost on convertible bond		–	(8,020,864)
– Amortization of transaction costs		–	(281,961)
– Interest expense		(12,704)	(37,391)
Surplus / (loss) for the financial period		24,203,404	7,800,981

**01.01.2007–
31.03.2007**

01.01.2006–
31.03.2006¹

Earnings per share

– Weighted average number of shares outstanding	7,010,000	7,010,000
– Basic surplus / (loss) per share for the financial period	3.45	1.11
– Diluted surplus / (loss) per share for the financial period	3.45	1.11

¹The earnings per share are calculated by dividing the surplus for the financial period by the weighted average number of shares outstanding. For the financial period 2006 the 700,000 convertible bonds at a par value of USD 1,000 each at USD 100 per share resulted in 7,000,000 Ordinary Shares outstanding, whilst 10,000 shares were already outstanding at the respective balance sheet date.

CONSOLIDATED UNAUDITED BALANCE SHEET

as at 31 March 2007

	Notes	31.03.2007 EUR	31.12.2006 EUR
Assets			
Non-current assets			
Investments in limited partnerships and directly held investments	3	493,158,051	430,576,071
Current assets			
Short-term investments		–	46,451,854
Other short-term receivables		1,376,445	211,749
Hedging assets	3	834,778	–
Cash and cash equivalents		173,757,522	167,922,252
		175,968,745	214,585,855
Total assets		669,126,796	645,161,926
Equity			
Capital and reserves			
Issued capital	4	70,100	70,100
Reserves		665,433,243	641,229,839
Total equity		665,503,343	641,299,939
Liabilities falling due within one year			
Hedging liabilities	3	–	1,867,066
Other short-term payables		3,623,454	1,994,921
Rounding		(1)	
		3,623,453	3,861,987
Total liabilities and equity		669,126,796	645,161,926

The financial statements on pages 14 to 22 were approved by the board of directors on 23 April 2007 and are signed on its behalf by:

B. Human
Director

G. Hall
Director

CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January 2007 to 31 March 2007 (all amounts in EUR)

	Share capital	Share premium	Accumulated surplus/(loss)	Total
Equity at beginning of reporting period	70,100	730,149,287	(88,919,448)	641,299,939
Surplus / (loss) for the financial period	-	-	24,203,404	24,203,404
Equity at end of reporting period	70,100	730,149,287	(64,716,044)	665,503,343

CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January 2006 to 31 March 2006 (all amounts in EUR)

	Share capital	Share premium	Accumulated surplus/(loss)	Total
Equity at beginning of reporting period	76	199,474,524	(185,516,754)	13,957,846
Surplus / (loss) for the financial period	-	-	7,800,981	7,800,981
Equity at end of reporting period	76	199,474,524	(177,715,773)	21,758,827

CONSOLIDATED UNAUDITED CASH FLOW STATEMENT

for the period from 1 January 2007 to 31 March 2007

	Notes	01.01.2007– 31.03.2007 EUR	01.01.2006– 31.03.2006 EUR
Cash flow from operating activities			
– Management fee		(3,196,349)	(2,295,404)
– Administration fee		(81,766)	(63,839)
– Insurance fee		–	(1,739,891)
– Other operating expenses		(314,007)	(34,291)
– (Increase) / decrease in other short-term receivables		(537,764)	(3,555,493)
– Increase / (decrease) in other short-term payables		1,628,532	1,171,983
– Dividends received from limited partnerships and directly held investments	3	726,011	179,736
– Interest received from limited partnerships and directly held investments	3	1,483,687	735,644
– Purchase of limited partnerships and directly held investments	3	(84,486,061)	(15,551,695)
– Distributions by limited partnerships and directly held investments	3	43,702,103	41,351,545
– Redemptions of short-term investments		197,302,644	(8,067,900)
– Net purchase of short-term investments		(150,790,113)	–
– Interest on short-term investments		240,388	44,815
– Interest from cash and cash equivalents		876,457	244,016
– Financing cost / credit line charges		(12,704)	(340,176)
Net cash from / (used in) operating activities		6,541,058	12,079,050
Net increase / (decrease) in cash and cash equivalents		6,541,058	12,079,050
Cash and cash equivalents at beginning of reporting period		167,922,252	37,391,750
Effects on cash and cash equivalents			
– Movement in exchange rates		(705,788)	93,178
Cash and cash equivalents at end of reporting period		173,757,522	49,563,978

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

1 ORGANIZATION AND BUSINESS ACTIVITY

Princess Private Equity Holding Limited is an investment holding company established on 12 May 1999. The company's registered office is Tudor House, St. Peter Port, Guernsey, GY1 1BT. The Company is a Guernsey corporation that operates in the private equity and private debt market and invests directly or through its wholly-owned subsidiary, Princess Private Equity Subholding Limited, in private market investments.

Since 13 December 2006 the shares of the company have been listed on the Prime Standard of the Frankfurt Stock Exchange (See note 4).

2 BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2006.

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except for the adoption of the following amendments mandatory for annual periods beginning on or after 1 January 2007.

IFRS 7 – Financial Instruments: Disclosures

Amendment to IAS 1 – Presentation of Financial Statements: Capital Disclosures

IFRIC 11 – Group and Treasury Share Transactions

The adoption of these amendments did not affect the Group's results of operations or financial position.

The condensed consolidated financial statements comprise the financial statements of Princess Private Equity Holding Limited and its wholly-owned subsidiary Princess Private Equity Subholding Limited.

3 LIMITED PARTNERSHIPS AND DIRECTLY HELD INVESTMENTS

3.1 INVESTMENTS

	31.03.2007	31.12.2006
	EUR	EUR
Balance at beginning of reporting period	430,576,071	451,341,244
Capital activity recorded at the transaction rate	84,486,061	57,845,389
Distributions	(43,702,103)	(202,709,048)
Revaluation	26,539,026	109,760,741
Foreign exchange gains / (losses)	(4,741,004)	14,337,745
Balance at end of reporting period	493,158,051	430,576,071

3.2 DISTRIBUTIONS

	01.01.2007- 31.03.2007 EUR	01.01.2006- 31.03.2003 EUR
Dividends	726,011	179,736
Interest income	1,483,687	735,644
	2,209,698	915,380
Return of investments	43,708,429	41,228,327
Gains / (losses) from sale of stock distributions	(6,326)	123,218
Total distributions	45,911,801	42,266,925

At the balance sheet date, the Company had the following forward foreign exchange contracts in place. The contracts were entered into to hedge against changes in the foreign exchange value of the investments of the Subholding. The unrealized surplus / (loss) at the end of the reporting period is detailed below:

	USD	Rate	Value date	Surplus/(loss) 31.03.2007 EUR	Surplus/(loss) 31.12.2006 EUR
Buy EUR against USD	300,000,000	0.7501	28.04.2007	834,778	(1,379,224)
Buy EUR against USD	125,000,000	0.7536	22.01.2007	-	(487,842)
				834,778	(1,867,066)

3.3 FOREIGN EXCHANGE

	01.01.2007- 31.03.2007 EUR	01.01.2006- 31.03.2006 EUR
Foreign exchange revaluation	(4,741,004)	2,948,586
Revaluation of foreign exchange hedges relating to investments in limited partnerships and directly held investments	2,701,844	(1,821,213)
	(2,039,160)	1,127,373

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

(continued)

4 SHARE CAPITAL	31.03.2007 EUR	31.12.2006 EUR	6 NET ASSETS AND DILUTED ASSETS PER ORDINARY SHARE	31.03.2007 EUR	31.12.2006 EUR
Authorized			Before the conversion of the bond the net assets were calculated by deducting the Liabilities falling due within one year from the Total Assets. The 700,000 convertible bonds at a par value of USD 1,000 each, if converted at USD 100 per share would result in 7,000,000 shares.		
10,000 Class B shares of EUR 0.01 each reclassified to Ordinary shares	100	100			
20,000,000 Ordinary shares of EUR 0.01 each	200,000	200,000	After the conversion the net asset value per share is calculated by dividing the net assets in the balance sheet by the number of potential shares outstanding at the balance sheet date.		
	200,100	200,100			
Issued and fully paid					
10,000 Class B shares of EUR 0.01 each reclassified to Ordinary shares	100	100			
7,000,000 Ordinary shares of EUR 0.01 each out of the bond conversion	70,000	70,000	Net assets of the Group	665,503,343	641,299,939
	70,100	70,100	Outstanding shares at the balance sheet date	7,010,000	7,010,000
			Net asset per share at period-end	94.94	91.48
			Diluted net assets per share at the balance sheet date	94.94	91.48
Shareholders above 3 % (in % of ordinary shares issued)	Shares held	in %			
CVP/CAP	215,210	3.07 %	7 CHANGE IN FUNCTIONAL CURRENCY		
			As of 1 January 2007 the Group has changed its functional currency from US dollar to Euro. All items have been translated from US dollar to Euro using the exchange rate at the date of the change. The applied foreign exchange rate equals USD/EUR 0.7582076.		
5 COMMITMENTS	31.03.2007 EUR	31.12.2006 EUR			
Total commitments translated at the rate prevailing at the balance sheet date	1,321,596,112	1,055,182,677			
Unutilized commitments translated at the rate prevailing at the balance sheet date	413,561,402	196,160,746			



LIST OF ADDRESSES

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Investment Manager

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Guernsey, Channel Islands

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Email: princess@princess-privateequity.net

Auditors

PricewaterhouseCoopers CI LLP

Trading Information

Listing	Frankfurt Stock Exchange
ISIN	DE000A0LBRM2
WKN	A0LBRM
Valor	2 830 461
Trading symbol	PEY1
Bloomberg	PEY1 GR
Reuters	PEYGz.DE / PEGz.F
Designated Sponsor	Sal. Oppenheim jr. & Cie. KGaA