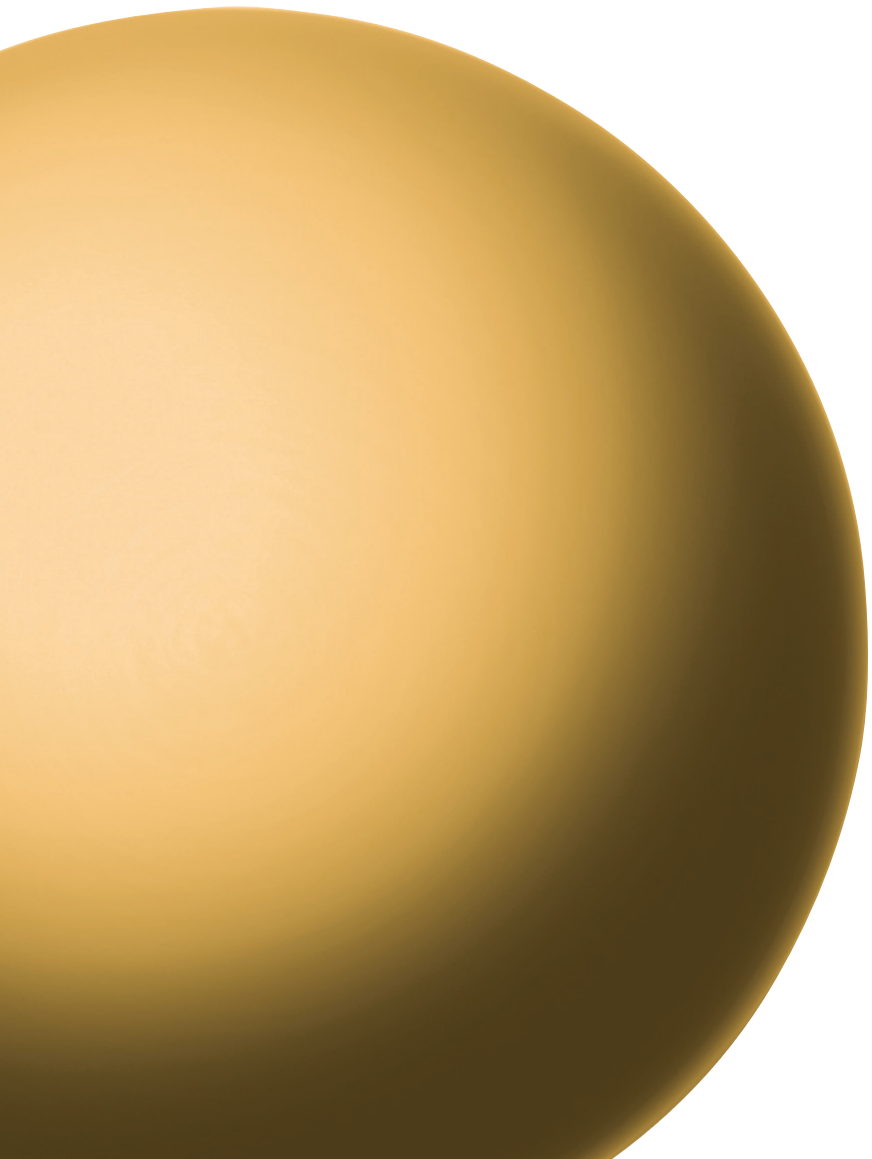


INTERIM REPORT

for the period from 1 January 2007 to 30 June 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.

PRINCESS' NET ASSET VALUE UP 7.6%

2007 is continuing to be another successful year for Princess, with the net asset value (NAV) reaching EUR 95.66 per share at the end of June 2007. Adjusted for the dividend paid in April, the NAV has gained 7.6% since the beginning of the year. This continued strong development has been driven by the write-ups of a large number of partnerships in the portfolio across all financing stages: buyout partnerships, special situations and venture capital funds have all reported significant positive valuation adjustments.

The NAV development of Princess is all the more impressive against the current backdrop of buoyant commitment and investment activity in the Princess portfolio, as a slower rise in the NAV would have been expected given that new investments need some time to start contributing to the portfolio. This, moreover, demonstrates both the quality and the maturity of the Princess portfolio. Many of its portfolio companies have developed well over the past few years and are ready to be realized in the ongoing friendly exit market.

FIRST DIVIDEND PAYMENT

At the end of April, Princess paid its shareholders a first semi-annual dividend. This dividend amounted to EUR 2.74 per share or 3% of the year-end 2006 NAV. Princess has stated that its objective is to pay a yearly dividend of 5–8% of the NAV. Consideration will therefore be given to making a further semi-annual dividend payment later this autumn.

STOCK PRICE ADVANCES

The share price has developed positively in 2007. At the end of June, it closed at EUR 85.65 per share, up 10.7% since the beginning of the year after adjustment for the dividend

payment, and having gained almost 24%, when adjusted for dividend, compared to the last trading price of the bond prior to conversion.

BUOYANT INVESTMENT ACTIVITY

After a very busy first quarter Princess continued to build up its portfolio in the second quarter with EUR 76m in new commitments. Thereof, EUR 47m was committed to seven primary funds, including the European mid-market buyout fund Industri Kapital 2007 Fund, the special situations vehicle AP Investment Europe Limited, the Penta CLO 1 collateralized loan obligation, mid-market buyout fund Kohlberg TE Investors VI, MatlinPatterson Global Opportunities Partners III and Sun Capital Partners V, a fund targeting small- and mid-cap turnaround situations.

Princess also increased its direct investment allocation, closing on four new direct investments during the second quarter: mezzanine financing was provided to the Essman Group, a German manufacturer of light and ventilation equipment, while Get, a Norwegian operator of a satellite master antenna network, received mezzanine and second-lien debt financing. Equity investments were made in learning solutions provider Thomson Learning and in a foodservice and distribution company.

In line with the amended investment policy, Princess made its first investments in listed private equity, namely in the certificates of P3 Holding, a well diversified private equity portfolio, and in Partners Group Listed Investments – Listed Private Equity, an investment fund dedicated to listed private equity investments. This fund allows Princess the immediate

exposure to over 35 listed private equity companies at no additional fees with respect to the investments made as Partners Group acts as the Investment Advisor to the fund. The listed private equity investments allow Princess to deploy part of the existing cash reserves while retaining daily liquidity.

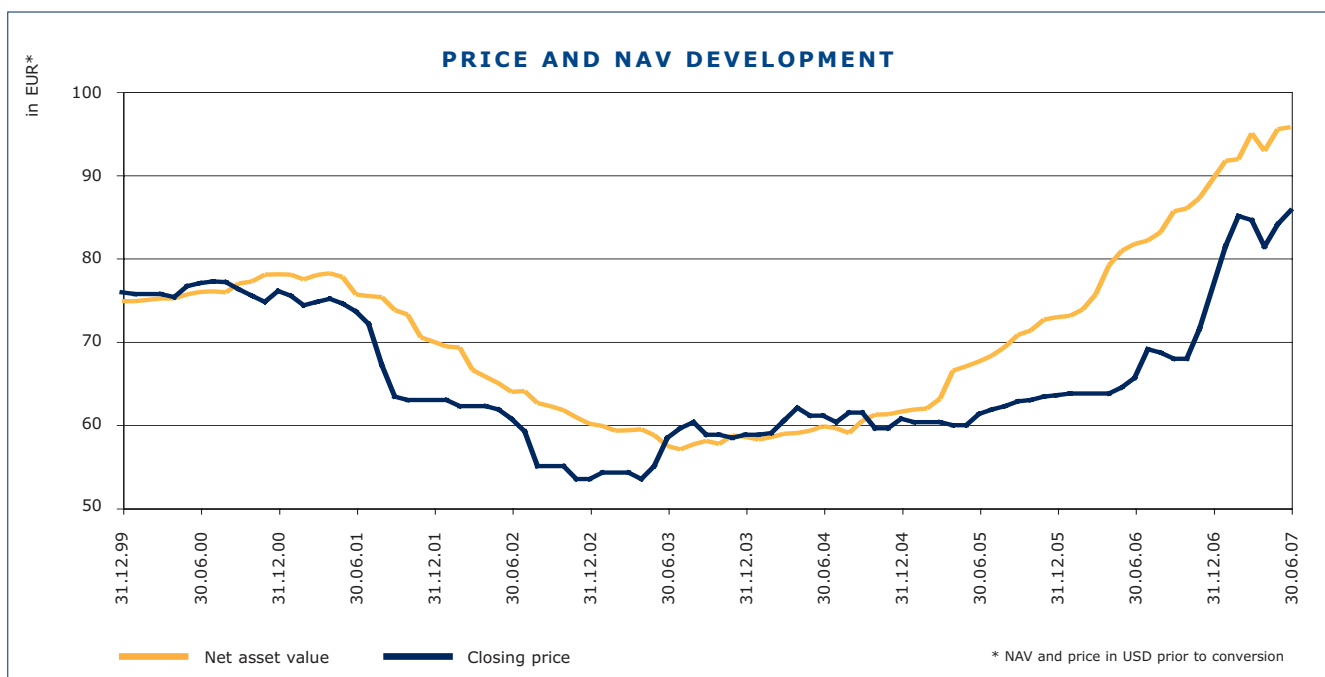
INVESTMENT LEVEL AT 83%

The new direct investments and the substantial allocation to the listed private equity sector paired with the investment activity and the revaluations of the underlying partnerships in the portfolio led to an increase in the investment level to 83%, up from 67% at year-end 2006. The building-up of the portfolio – with the goal of reaching full investment in 2008 – has been progressing well over the past few months.

OUTLOOK

The NAV is expected to continue its positive trend throughout 2007. Over the next few months, Princess will maintain its commitment activity, albeit at a more moderate pace. Due consideration will be given to making a possible second semi-annual dividend payment later this year.

The Board of Princess has mandated Partners Group to evaluate the benefit to shareholders of an additional listing of the company at the London Stock Exchange. The liquid market for private equity investment companies in London, the large number of market participants and greater coverage by analysts and brokers in London are expected to provide increased liquidity in the Princess shares. No decision to proceed with a dual listing has been made at this juncture and further notices will be issued when the review is completed.



MARKET TRENDS

Large club deals, which involve two or more renowned private equity firms coming together to bid for a company, have received much media exposure lately. Less known is that there is another popular and effective way to approach investments that are too large for a single fund: co-investments, where general partners allow selected limited partners to invest into a company alongside their own fund, offer a wide range of advantages to both parties. Due to their characteristics, co-investments are an effective instrument to improve the risk-return profile Princess offers its investors.

CO-INVESTMENTS FACILITATE LARGE DEALS

Selected limited partners, such as Princess, are from time to time offered the possibility to participate in certain deals alongside the general partner. These co-investment opportunities can arise, for example, when a desired deal is too large in volume for a single fund, since the maximal size of a single deal in relation to the whole fund is usually restricted. In such a case, the general partner has the possibility of either entering a club deal or offering a stake in the investment to one or several of its limited partners.

WIDE RANGE OF BENEFITS

One significant advantage of co-investments for Princess is the fact that such deals have a significant impact on the investment level, as these investments are usually required to be fully funded after the transaction closes. Through this, Princess can improve the returns for its own investors by letting the money “work”, while at the same time easing the commitment strategy as cash flows for a co-investment can be anticipated more reliably than for fund investments.

Co-investments also represent excellent value for investors due to their lower cost. When offering co-investment opportunities, general partners typically do not charge the management fees or carried interest that would be levied if the investments were made through a fund. Thus, for equivalent private equity exposure, co-investments typically involve lower costs when compared to other fund investments.

Furthermore, co-investments are a valuable tool to fine-tune the diversification of a portfolio. While a fund-of-fund approach allows for a broad diversification, co-investments complement Princess's portfolio with very targeted allocations to certain risk/return profiles as well as increased exposure to promising industries and regions.

"CHERRY PICKING"

Just as valuable as the traits described is the possibility for Princess to be very selective when it comes to co-investments and to make a larger, single investment into the most promising deals only. While Princess's Investment Adviser Partners Group performs stringent due diligence on its general partners and only invests into the most promising funds, not all underlying investments are known in advance. In comparison, the fundamentals of each co-investment opportunity are known and can be analyzed in detail before the transaction is executed. The ability to perform independent due diligence on a singular deal brings a greater degree of control over the investment process, enabling co-investors to select the deals that are most attractive in the context of their existing portfolio. This allows Princess to "cherry pick" amongst a range of available deals and allocate monies to the most promising only.

Partners Group is known to be very selective in choosing co-investments. In 2006, only 19 opportunities were chosen out of over 400 invitations received. To evaluate these co-investments, Partners Group has a dedicated team with exceedingly quick response times, something that is very valued by general partners. The team also has a worldwide reach, giving Partners Group global access to the best deals.

GETTING ACCESS TO CO-INVESTMENTS

Nevertheless, not every limited partner is invited to co-invest, and allocation for such deals is under high demand. Sometimes a limited partner has a certain expertise, know-how or network that can be useful in expanding the acquired company. General partners can also use co-investments to reward certain investors for their loyalty or the value-add they have brought to previous deals, by allowing them to enjoy the many advantages co-investments have for a limited partner.

This area is one of several leading strengths of Princess's Investment Adviser Partners Group, which enjoys excellent relationships with over 150 general partners worldwide. This network not only generates a large number of co-investment opportunities itself, it multiplies Partners Group's value-add to general partners through the possibility of networking and introduction prospects, making Partners Group a favoured co-investor. This is one of the reasons Partners Group was voted No. 1 Global Funds-of-Funds by general partners in a survey conducted by Private Equity International in 2005.

Finally, as a value-add, co-investments allow Princess and its Investment Adviser Partners Group to strengthen their relationship with the general partner. While not tangible, relationship management is crucial in private equity, especially in order for Princess to receive the desired allocation in oversubscribed funds.

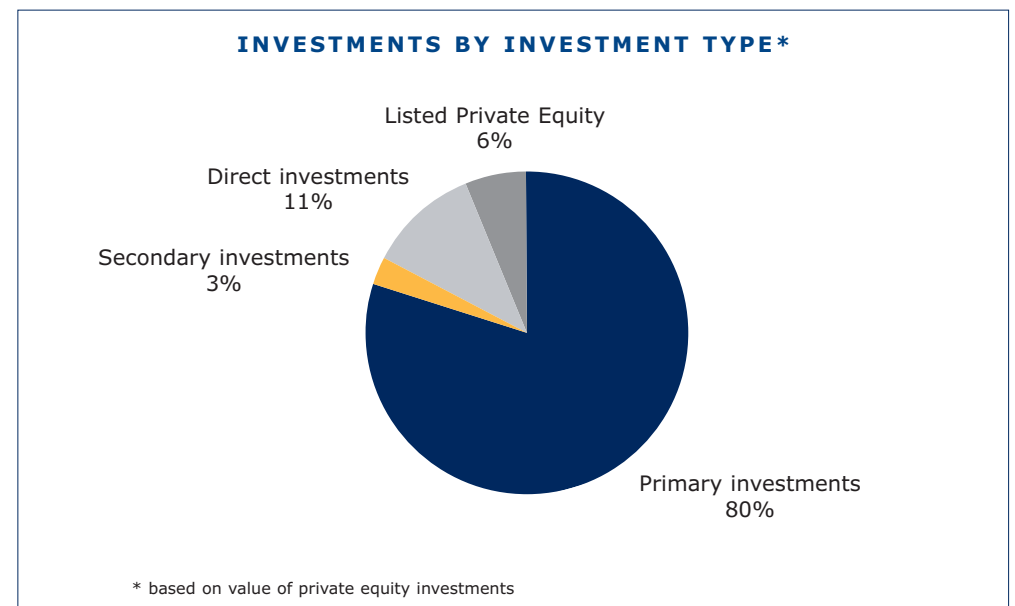
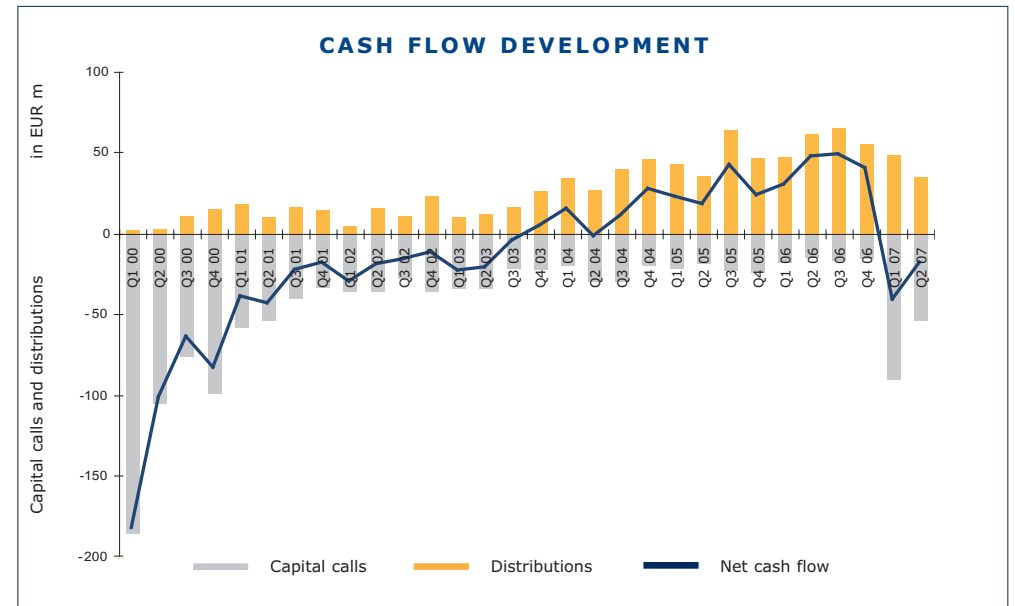
PROVEN TRACK RECORD

Princess's Investment Adviser Partners Group has achieved a top quartile internal rate of return on its realized and partially realized buyout co-investments, proving both the quality of the co-investment opportunities offered to Partners Group by general partners, as well as their thorough due diligence and selectivity in choosing the right deals. This, paired with the strong deal flow of the Investment Adviser, bodes well for co-investments to continue adding substantial value to Princess's portfolio and consequently improving returns for its investors.

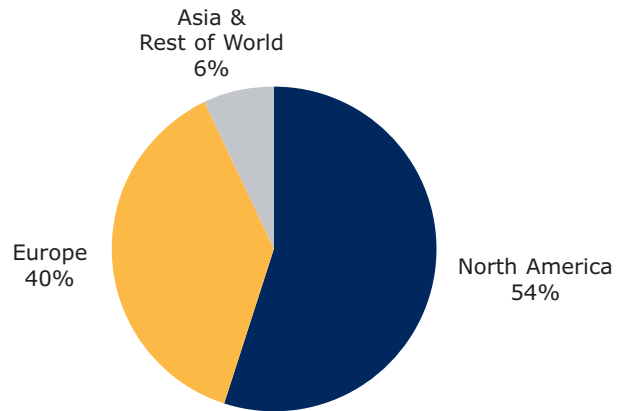
PORTFOLIO ALLOCATION

Due to the increased investment activity in the Princess portfolio, capital calls for new investments exceed proceeds from realizations.

The portfolio is well-balanced and broadly diversified according to regions, financing stages, industry sectors and investment years. With the allocation to the listed private equity sector and the direct investments, the Princess portfolio gains a broader exposure to different investment types in line with the amended investment policy.

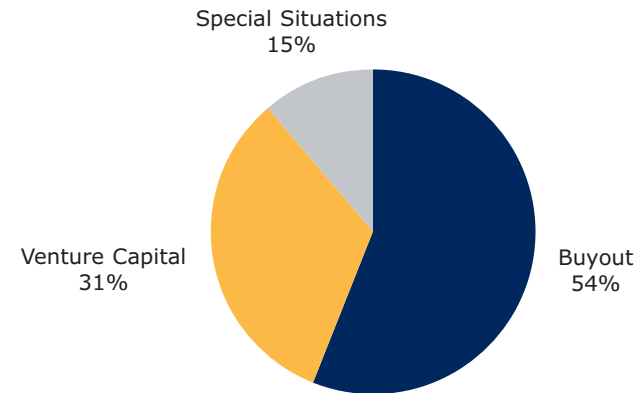


INVESTMENTS BY REGION*



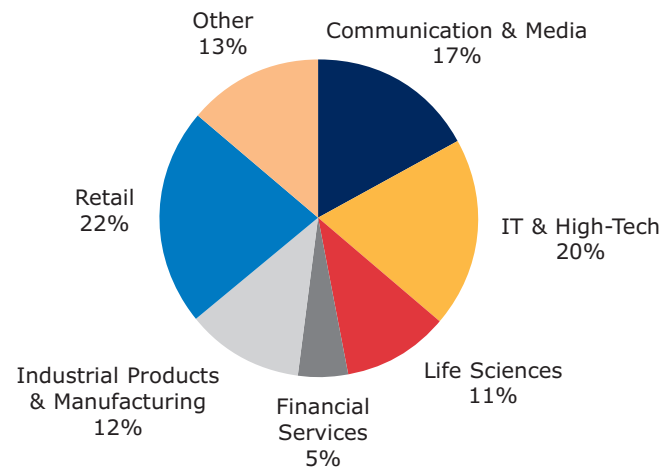
* based on value of private equity investments

INVESTMENTS BY FINANCING STAGE*



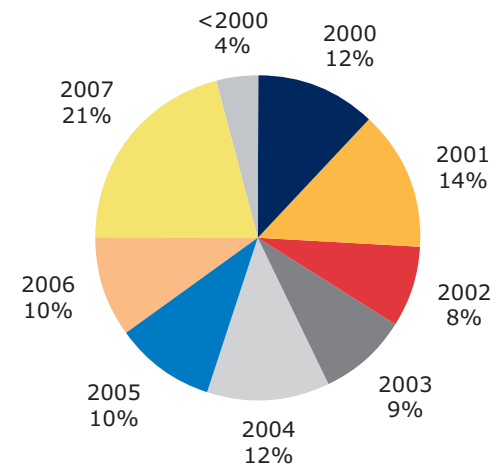
* based on value of private equity investments

INVESTMENTS BY INDUSTRY SECTOR*



* based on value of private equity investments

INVESTMENTS BY INVESTMENT YEAR*



* based on value of private equity investments

PORTFOLIO

Since the beginning of the year Princess made new commitments for EUR 343m.

In 2007 Princess funded EUR 168m in capital calls from partnerships, for direct and listed private equity investments and received EUR 88m in distributions. Unfunded commitments at the end of the quarter totaled EUR 401m.

SELECTED NEW COMMITMENTS

Sun Capital Partners V, L.P.

In April, Princess committed USD 10m to Sun Capital Partners V. The fund is Sun Capital's fifth investment vehicle focusing on the acquisition of controlling stakes in turnaround situations. Sun Capital Partners V's primary focus will be on the US, with the remainder of the funds being allocated mainly to Europe. Thanks to its focus on turnarounds, its strong network of contacts and marketing efforts, Sun Capital has positioned itself well and attracts a differentiated deal flow. Further, its ability to close deals relatively quickly enables the firm to purchase businesses at attractive multiples. The fund held a single closing in April at USD 6bn; the closing was significantly oversubscribed.

Penta CLO 1 S.A.

In April Princess made a EUR 2.85m investment in Penta CLO 1 S.A. a collateralized loan obligation that offers exposure to a diversified portfolio of senior, mezzanine and second lien leveraged buyout loans.

Industri Kapital 2007 Fund

In May, Princess made a commitment of EUR 15m to Industri Kapital 2007 Fund, the sixth investment fund launched by Industri Kapital focusing on control buyout investments in middle market companies in Scandinavia and Continental Europe. The fund will target companies with leading and sustainable market positions and with significant room for improvement. As in its previous funds, Industri Kapital aims to create lasting value by applying a hands-on operating approach in working closely with their portfolio companies and the management teams.

AP Investment Europe Limited

In June, Princess made a EUR 5m commitment to AP Investment Europe Limited. The fund invests in mezzanine debt and equity securities of European companies. It intends to leverage AP Investment Corporation's successful investment experience in middle market mezzanine investments. The investment manager Apollo works proactively through the restructuring process in order to convert its debt position into equity, resulting in ownership of a well-financed buyout.

Kohlberg TE Investors VI, L.P.

Princess also made a USD 12.5m commitment to Kohlberg TE Investors during June. Kohlberg has a 20-year history of following a consistent investment strategy by pursuing buyout opportunities in lower middle-market manufacturing and service companies in the US. It pursues controlling stakes in "troubled" companies experiencing financial or operational distress. Kohlberg seeks to work with the management to identify growth opportunities and implement fundamental operating and strategic changes, resulting in substantial increases in revenue and cash flow.

MatlinPatterson Global Opportunities Partners III, L.P.

In June, Princess committed USD 10m to MatlinPatterson Global Opportunities Partners III. The fund pursues a distressed-for-control investment strategy, employing a flexible approach that can involve both discounted toe-hold investments in publicly traded securities and privately negotiated transactions with distressed companies or sellers. The fund attempts to obtain control positions in target companies in order to be able to make fundamental changes to their operations and capital structures, and to return the businesses to sustainability. The fund will opportunistically pursue investments across industries and geographies.

SELECTED DIRECT INVESTMENTS

Essmann Group

In May, Quadriga Capital Management invited Princess to participate directly in the investment in the Essmann Group. The company is a German manufacturer of light domes, continuous roof lights, smoke/heat extraction and ventilation equipment. The company also offers consulting, engineering, maintenance and repair services. Essmann's broad product portfolio, strong technological expertise and well-known brand name have helped it to its leading market position in Germany. Given its strong market position in a favorable market environment, this investment represents an attractive financial opportunity for Princess.

Get a.s.

In June, Princess participated in the direct mezzanine recapitalization of Get alongside Candover. Get is a leading cable company in Norway, which serves its customers with a unique triple play offering combining TV, telephony services and high speed broadband internet. The Oslo-based company was officially founded in 1997 through the merger of Janco Kabel TV and Norkabel AS. In 2005, Get acquired cable and broadband company Smartcall, which operates a satellite master antenna network in Norway.

Thomson Learning

Also in June, Princess, alongside Apax Partners, completed a direct equity investment in Thomson Learning, one of the four market groups of the Thomson Corporation. The company is a leading global provider of state-of-the-art tailored learning for individuals, businesses and institutions. Thomson Learning sells its products and services globally through direct channels and via a network of distributors. The company has offices in 42 countries worldwide and employs more than 12,000 people.

SELECTED PARTNERSHIP ACTIVITIES

GMT Communications Partners II, L.P.

In April, Princess portfolio company GMT Communications Partners II and Mid Europa Partners sold *Invitel* Távközlési ZRt., Hungary's second largest fixed line telecoms operator and provider of a wide range of telecommunications services, to Hungarian Telephone & Cable Corp. for EUR 470m. The two companies achieved a multiple of 3.9x on their investment after having acquired Invitel in 2003. The sale had been announced in January but had to await regulatory approvals before completion.

Apollo Investment Fund VI, L.P.

In May 2007, Princess partnership Apollo Overseas VI announced the acquisition of *Claire's Stores*, Inc. for approximately USD 3.1bn. Claire's is a leading international specialty retailer offering value-priced costume jewelry, accessories and cosmetics to fashion-aware teens and young adults. Claire's has about 3,000 stores in the US, UK, Europe, Canada and also operates in the Middle East, Japan, Turkey and South Africa. The company is uniquely positioned as a trend-right merchandizing company with no direct competition. This, together with opportunities for further expansion for the company in Europe and the attractive payback characteristics of its new stores, make it an appealing investment.

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.
 Industri Kapital 2007 Fund
 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

AP Investment Europe Limited
 Collier 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.
 Penta CLO 1 S.A.
 The Rutland 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.
 Kohlberg TE Investors VI, 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.
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.
Worldview Technology Partners IV, 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.
MatlinPatterson Global Opportunities Partners III, 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.
Sun Capital Partners V, 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
Essmann
Ferretti SpA
Foodservice and distribution company
General Nutrition Centers, Inc. (GNC)
Get a.s.
Plantasjen
Partners Group Direct Investments 2006, L.P.
Thomson Learning
The Reader's Digest Association, Inc.

LISTED PRIVATE EQUITY

- Partners Group Private Equity Performance Holding Limited (P³)
- Partners Group Listed Investments – Listed Private Equity



CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

for the period from 1 January 2007 to 30 June 2007

CONSOLIDATED UNAUDITED INCOME STATEMENT

for the period from 1 January 2007 to 30 June 2007

	Notes	01.04.2007– 30.6.2007	01.01.2007– 30.06.2007	01.04.2006– 30.06.2006	01.01.2006– 30.06.2006
		EUR	EUR	EUR	EUR
Net income from limited partnerships and directly held investments		26,347,671	53,057,235	45,183,407	65,190,053
– Dividend and interest income	3	298,786	2,508,484	1,720,647	2,636,027
– Revaluation	3	28,481,250	55,020,275	41,878,387	59,842,280
– Foreign exchange gains & losses	3	(2,432,364)	(4,471,524)	1,584,373	2,711,746
Net income from listed private equity		(158,355)	(158,355)	–	–
– Gains and losses	4	(158,355)	(158,355)	–	–
Net income from short-term investments		–	301,065	824,884	1,256,302
– Gains and losses		–	950,535	824,884	1,256,302
– Interest on short-term investments		–	240,388	–	–
– Foreign exchange gains & losses		–	(889,858)	–	–
Net income from cash & cash equivalents		1,805,204	1,975,874	423,850	761,043
– Interest income		1,849,141	2,725,598	404,786	648,801
– Foreign exchange gains & losses		(43,936)	(749,724)	19,064	112,241
Operating income		27,994,520	55,175,819	46,432,141	67,207,398
Operating expenses		(3,696,033)	(6,661,223)	(4,094,493)	(8,728,553)
– Management fee		(3,505,709)	(6,702,058)	(2,343,170)	(4,638,574)
– Insurance fee		–	–	(1,600,844)	(3,340,735)
– Administration fee		(83,190)	(164,956)	(66,249)	(130,088)
– Tax exemption fee		(891)	(891)	(1,654)	(1,654)
– Other foreign exchange gains & losses		(26,405)	600,527	(22,792)	(523,429)
– Other operating expenses		(79,838)	(393,845)	(59,784)	(94,075)
Financing cost		(24,127)	(36,831)	(8,469,848)	(16,810,064)
– Finance cost on convertible bond		–	–	(8,150,080)	(16,170,944)
– Amortization of transaction costs		–	–	(281,961)	(563,922)
– Interest expense		(24,127)	(36,831)	(37,807)	(75,198)
Surplus / (loss) for the financial period		24,274,360	48,477,765	33,867,800	41,668,781

**01.01.2007–
30.06.2007**

01.01.2006–
30.06.2006¹

Earnings per share

– Weighted average number of shares outstanding	7'010'000	7'010'000
– Basic surplus / (loss) per share for the financial period	6.92	5.94
– Diluted surplus / (loss) per share for the financial period	6.92	5.94

¹ The 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 30 June 2007

	Notes	30.06.2007 EUR	31.12.2006 EUR
Assets			
Non-current assets			
Investments in limited partnerships and directly held investments	3	524,907,153	430,576,071
Investment in listed private equity	4	33,934,230	-
		558,841,383	430,576,071
Current assets			
Short-term investments		-	46,451,854
Other short-term receivables		7,974,646	211,749
Hedging assets	3	-	-
Cash and cash equivalents		111,270,590	167,922,252
		119,245,236	214,585,855
Total assets		678,086,619	645,161,926
Equity			
Capital and reserves			
Issued capital	5	70,100	70,100
Distributable reserve		710,941,889	-
Reserves		(40,441,683)	641,229,839
Total equity		670,570,306	641,299,939
Liabilities falling due within one year			
Hedging liabilities	3	1,537,411	1,867,066
Other short-term payables		5,978,904	1,994,921
Rounding		(2)	-
		7,516,313	3,861,987
Total liabilities and equity		678,086,619	645,161,926

The financial statements on pages 14 to 23 were approved by the board of directors on 31 July 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 30 June 2007 (all amounts in EUR)

	Share capital	Share premium	Distributable reserve	Accumulated surplus/(loss)	Total
Equity at beginning of reporting period	70,100	730,149,287	-	(88,919,448)	641,299,939
Transfer share premium to distributable reserve	-	(730,149,287)	730,149,287	-	-
Dividend payment	-	-	(19,207,398)	-	(19,207,398)
Surplus / (loss) for the financial period	-	-	-	48,477,765	48,477,765
Equity at end of reporting period	70,100	-	710,941,889	(40,441,683)	670,570,306

CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January 2006 to 30 June 2006 (all amounts in EUR)

	Share capital	Share premium	Distributable reserve	Accumulated surplus/(loss)	Total
Equity at beginning of reporting period	76	199,474,524	-	(185,516,752)	13,957,772
Surplus / (loss) for the financial period	-		-	41,668,781	41,668,781
Equity at end of reporting period	76	199,474,524	-	(143,847,971)	55,626,553

CONSOLIDATED UNAUDITED CASH FLOW STATEMENT

for the period from 1 January 2007 to 30 June 2007

	Notes	01.01.2007– 30.06.2007 EUR	01.01.2006– 30.06.2006 EUR
Cash flow from operating activities			
– Management fee		(6,702,058)	(4,638,574)
– Administration fee		(164,956)	(130,088)
– Insurance fee		–	(3,340,735)
– Tax exemption fee		(891)	(1,654)
– Other operating expenses		(393,845)	(94,074)
– Proceeds from / (costs of) hedging activities		4,135,745	(1,251,043)
– (Increase) / decrease in other short-term receivables		(7,162,370)	(1,678,809)
– Increase / (decrease) in other short-term payables		3,983,983	3,687,279
– Dividends received from limited partnerships and directly held investments	3	579,000	600,644
– Interest received from limited partnerships and directly held investments	3	1,929,484	2,035,383
– Purchase of limited partnerships and directly held investments	3	(134,044,644)	(28,513,017)
– Distributions from limited partnerships and directly held investments	3	85,796,913	94,494,240
– Purchase of listed private equity	4	(34,092,585)	–
– Redemptions of short-term investments		197,302,644	28,827,412
– Net purchase of short-term investments		(150,790,113)	(71,092,851)
– Interest on short-term investments		240,388	65,279
– Interest from cash and cash equivalents		2,725,598	648,802
– Financing cost / credit line charges		(36,831)	(340,176)
Net cash from / (used in) operating activities		(36,694,538)	19,278,018
Cash flow from financing activities			
– Dividend payment		(19,207,398)	–
Net increase / (decrease) in cash and cash equivalents		(55,901,936)	19,278,018
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		(749,724)	112,241
– Rounding		(2)	1
Cash and cash equivalents at end of reporting period		111,270,590	56,782,010

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

1 ORGANIZATION AND BUSINESS ACTIVITY

Princess Private Equity Holding Limited ("the company") is an investment holding company established on 12 May 1999. The company's registered office is at 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 ("the subholding"), 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 5).

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**

	30.06.2007	31.12.2006
	EUR	EUR
Balance at beginning of reporting period	430,576,071	451,341,244
Capital activity recorded at the transaction rate	134,044,644	57,845,389
Distributions	(85,796,913)	(202,709,048)
Revaluation	55,020,275	109,760,741
Foreign exchange gains / (losses)	(8,936,924)	14,337,745
Balance at end of reporting period	524,907,153	430,576,071

3.2 DISTRIBUTIONS

	01.01.2007– 30.06.2007 EUR	01.01.2006– 30.06.2006 EUR
Dividends	579,000	600,644
Interest income	1,929,484	2,035,383
	2,508,484	2,636,027
Return of investments	85,816,303	94,700,936
Gains / (losses) from sale of stock distributions	(19,390)	(206,696)
Total distributions	88,305,397	97,130,267

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) 30.06.2007 EUR	Surplus/(loss) 30.12.2006 EUR
Buy EUR against USD	300'000'000	0.7501	28.4.2007			(1'379,224)
Buy EUR against USD	125'000'000	0.7536	22.1.2007		–	(487,841)
Buy EUR against USD	286'000'000	0.7319	20.7.2007		(1,801,502)	–
Buy EUR against USD	28'000'000	0.7476	20.7.2007		264,090	–
					(1,537,411)	(1,867,066)

3.3 FOREIGN EXCHANGE

	01.01.2007– 30.06.2007 EUR	01.01.2006– 30.06.2006 EUR
Foreign exchange revaluation	(8,936,924)	10,128,360
Revaluation of foreign exchange hedges relating to investments in limited partnerships and directly held investments	329,655	(6,165,572)
Realized gains / (losses) from foreign exchange hedges relating to investments in limited partnerships and directly held investments	4,135,745	(1,251,043)
Rounding	–	1
	(4,471,524)	2,711,746

NOTES TO THE CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

(continued)

4 INVESTMENTS IN LISTED PRIVATE EQUITY		30.06.2007	31.12.2006	5.1 SHARE PREMIUM	
		EUR	EUR		30.6.2007
					EUR
Balance at beginning of reporting period		–	–	Share premium from issuance of shares	730,149,287
Purchases recorded at the transaction rate		34,092,585	–	Transfer from share premium to distributable reserves ¹⁾	(730,149,287)
Gains / (losses) on listed private equity		(158,355)	–	Total share premium	–
Balance at end of reporting period		33,934,230	–		
5 SHARE CAPITAL				5.2 DISTRIBUTABLE RESERVES	
		30.06.2007	31.12.2006		30.6.2007
		EUR	EUR		EUR
Authorized				Transfer from share premium to distributable reserves ¹⁾	730,149,287
10,000 Class B shares of EUR 0.01 each reclassified to Ordinary shares		100	100	Dividend payment	(19,207,397)
20,000,000 Ordinary shares of EUR 0.01 each		200,000	200,000	Total distributable reserves	710,941,890
		200,100	200,100		
Issued and fully paid				5.3 DIVIDEND PAYMENT	
10,000 Class B shares of EUR 0.01 each reclassified to Ordinary shares		100	100	On 30 April 2007 the semi-annual dividend of EUR 2.74 per Ordinary Share as declared at the last Annual General Meeting was paid to the investors.	
7,000,000 Ordinary shares of EUR 0.01 each out of the bond conversion		70,000	70,000		
		70,100	70,100		

¹⁾ On 20 April 2007 the Royal Court of Guernsey confirmed a special resolution passed by the members of the Company whereby the amount standing to the credit of the share premium account, net of issue costs, immediately following the initial placing was transferred to a special distributable reserve.

5.4 SHAREHOLDERS ABOVE 3% OF ORDINARY SHARES ISSUED

	Shares held	in %
CVP/CAP	215,210	3.07%
Deutsche Asset Management Investmentgesellschaft mbH	609,590	8.70%

	30.6.2007 EUR	31.12.2006 EUR
Net assets of the Group	670,570,306	641,299,939
Outstanding shares at the balance sheet date	7,010,000	7,010,000
Net asset per share at period-end	95.66	91.48
Diluted net assets per share at the balance sheet date	95.66	91.48

6 COMMITMENTS

	30.6.2007 EUR	31.12.2006 EUR
Total commitments translated at the rate prevailing at the balance sheet date	<u>1,378,060,740</u>	<u>1,055,182,677</u>
Unutilized commitments translated at the rate prevailing at the balance sheet date	<u>401,076,439</u>	<u>196,160,746</u>

8 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.

7 NET ASSETS AND DILUTED ASSETS PER ORDINARY SHARE

"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.

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."

LIST OF ADDRESSES

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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 / PEYGz.F
Designated Sponsor	Sal. Oppenheim jr. & Cie. KGaA