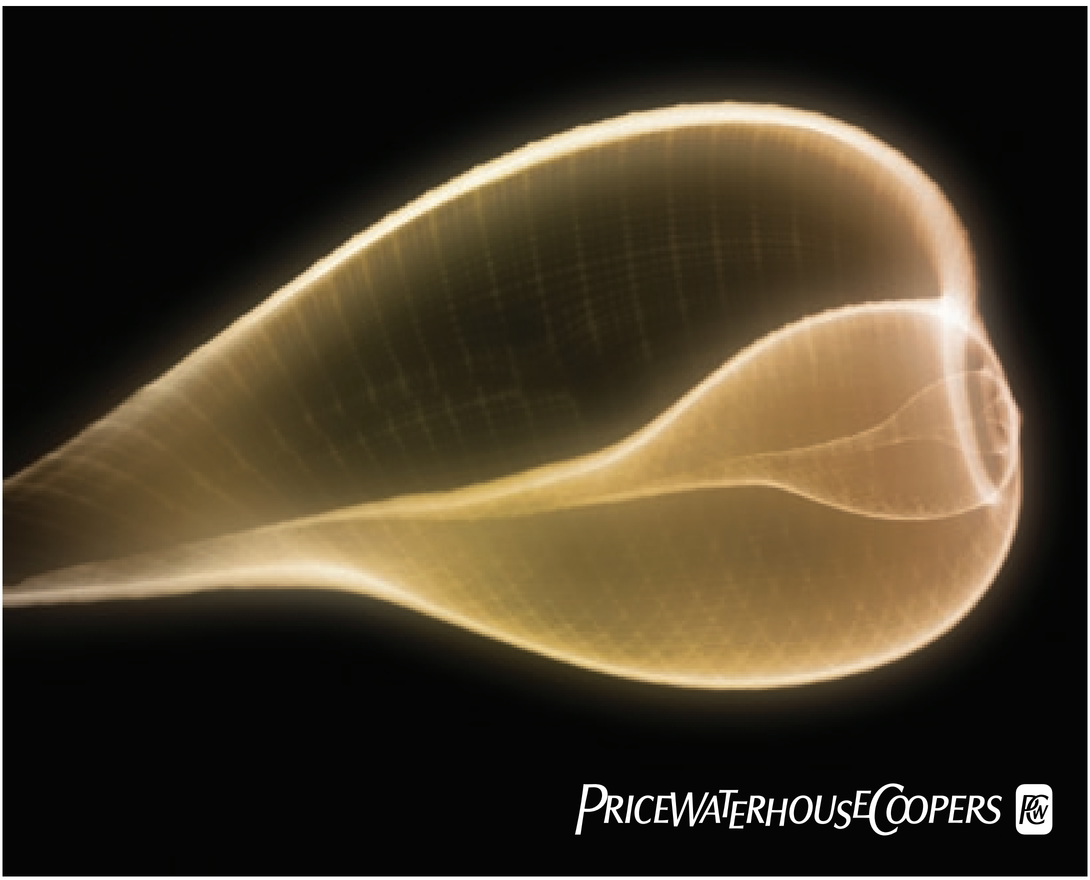
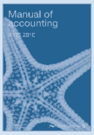
Illustrative IFRS financial statements 2009

Private equity



PricewaterhouseCoopers' IFRS and corporate governance publications and tools 2010

IFRS technical publications



Manual of accounting – IFRS 2010
Global guide to IFRS providing comprehensive practical guidance on how to prepare financial statements in accordance with IFRS. Includes hundreds of worked examples and extracts from company reports. The Manual is a three-volume set comprising:
- *Manual of accounting – IFRS 2010*
- *Manual of accounting – Financial instruments 2010*
- *Illustrative IFRS corporate consolidated financial statements for 2009 year ends*

A practical guide to capitalisation of borrowing costs
Guidance in question and answer format addressing the challenges of applying IAS 23R, including how to treat specific versus general borrowings, when to start capitalisation and whether the scope exemptions are mandatory or optional.

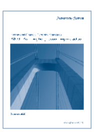
A practical guide to new IFRSs for 2009
40-page guide providing high-level outline of the key requirements of new IFRSs effective in 2009, in question and answer format.

A practical guide to segment reporting
Provides an overview of the key requirements of IFRS 8, 'Operating segments' and some points to consider as entities prepare for the application of this standard for the first time. See also 'Segment reporting – an opportunity to explain the business' below.

A practical guide to share-based payments
Answers the questions we have been asked by entities and includes practical examples to help management draw similarities between the requirements in the standard and their own share-based payment arrangements. November 2008.

Preparing your first IFRS financial statements: Adopting IFRS
Outlines how companies should address the process of selecting their new IFRS accounting policies and applying the guidance in IFRS 1. Provides specific considerations for US market.

Financial instruments under IFRS – A guide through the maze
High-level summary of IAS 32, IAS 39 and IFRS 7, updated in June 2009. For existing IFRS preparers and first-time adopters.



IAS 39 – Achieving hedge accounting in practice
Covers in detail the practical issues in achieving hedge accounting under IAS 39. It provides answers to frequently asked questions and step-by-step illustrations of how to apply common hedging strategies.

IAS 39 – Derecognition of financial assets in practice
Explains the requirements of IAS 39, providing answers to frequently asked questions and detailed illustrations of how to apply the requirements to traditional and innovative structures.

IFRS 3R: Impact on earnings – the crucial Q&A for decision-makers
Guide aimed at finance directors, financial controllers and deal-makers, providing background to the standard, impact on the financial statements and controls, and summary differences with US GAAP.

IFRS disclosure checklist 2009
Outlines the disclosures required by all IFRSs published up to October 2009.

IFRS pocket guide 2009
Provides a summary of the IFRS recognition and measurement requirements. Including currencies, assets, liabilities, equity, income, expenses, business combinations and interim financial statements.

IFRS news
Monthly newsletter focusing on the business implications of the IASB's proposals and new standards. Subscribe by emailing corporatereporting@uk.pwc.com.

Illustrative interim financial information for existing preparers
Illustrative information, prepared in accordance with IAS 34, for a fictional existing IFRS preparer. Includes a disclosure checklist and IAS 34 application guidance. Reflects standards issued up to 31 March 2009.

Illustrative IFRS corporate consolidated financial statements for 2009 year ends
Illustrative set of consolidated financial statements for an existing preparer of IFRS. Includes an appendix showing example disclosures under IFRS 3 (revised).
Included with *Manual of accounting – IFRS 2010*; also available separately.

Illustrative consolidated financial statements
- Banking, 2009
- Insurance, 2009
- Investment funds, 2009
- Investment property, 2009
- Private equity, 2009

Realistic sets of financial statements – for existing IFRS preparers in the above sectors – illustrating the required disclosure and presentation.

Making sense of a complex world: IFRIC 13 – Customer loyalty programmes
Considers the accounting and practical implications for telecom operators that arise from the guidance in IFRIC 13, 'Customer loyalty programmes'. Contact global.ifrs.publications@uk.pwc.com for hard copies.

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Provides practical guidance on impairment indicators to look out for, timing of impairment tests, suggestions on how to do an impairment test in volatile markets and what disclosures are critical to the market and regulators in the current environment.

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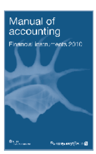

Manual of accounting – Financial instruments 2010
Comprehensive guidance on all aspects of the requirements for financial instruments accounting. Detailed explanations illustrated through worked examples and extracts from company reports.
Included with *Manual of accounting – IFRS 2010*; also available separately.

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Illustrative consolidated financial statements 2009 – Private equity

This publication provides an illustrative set of financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), for a fictional private equity limited partnership (‘ABC Private Equity LP’ or ‘the Partnership’).

ABC Private Equity LP is an existing preparer of IFRS financial statements; IFRS 1, ‘First-time adoption of ’IFRS’, is not applicable. ABC Private Equity LP is not traded in a public market.

ABC Private Equity LP’s investment objectives are to seek medium- to long-term growth by investing in non-controlling interests in private unlisted companies with high growth potential. The Partnership is tax transparent. It classifies all of its investments as ‘fair value through profit or loss’ and does not apply hedge accounting. The investments are mainly denominated in euros, US dollars, and GB pounds. The Partnership’s functional and presentation currency is the euro. The resulting foreign currency exposure is reduced by the use of foreign exchange derivatives. Subsidiaries are ‘SPEs’, which are incorporated for the purpose of holding the underlying investments (the so-called portfolio companies) on behalf of the Partnership. The SPEs have no operations other than the investment in portfolio companies and providing a vehicle for the onward sale of a portfolio investment. There are no minorities, as all SPEs are wholly owned. No portfolio companies are consolidated, as they are not controlled due to the investment strategy of holding non-controlling interests. In the case of a ‘buy-out’ fund, where a fund buys significant or controlling interests in portfolio companies, PricewaterhouseCoopers’ Illustrative IFRS corporate consolidated financial statements for 2009 year-ends should be used, as the underlying companies may need to be consolidated. Other items that entities may choose (or, in certain jurisdictions, be required) to include in documents containing financial statements, such as a directors’ report or operating and financial review, are not illustrated here. An illustrative operating and financial review is included in the *Illustrative IFRS corporate consolidated financial statements for 2009 year ends*.

This publication is based on the requirements of IFRS standards and interpretations for financial years beginning on or after 1 January 2009. No interpretations, standards or amendments were early adopted. IAS 1 (revised), ‘Presentation of financial statements’, IAS 32 (amendment), ‘Financial instruments: presentation’ and IAS 1 (amendment), ‘Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation’, and IFRS 7 (amendments), ‘Financial instruments: Disclosures’, are all effective for annual periods beginning on or after 1 January 2009 and have been adopted by the Partnership. IFRS 8, ‘Operating segments’, is also effective for annual periods beginning on or after 1 January 2009; however, it is not considered relevant, as the Partnership is outside the scope.

The main objective of the IASB in revising IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics. In particular, the Board decided that all owner changes in equity should be presented in the statement of changes in equity, separately from non-owner changes in equity. As such, the revision has minimal impact on private equity limited partnerships that classify their partnership’s interest as debt instruments and whose portfolio consists of financial assets and liabilities at fair value through profit or loss. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The adoption of IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements', will have differing outcomes for limited life entities with puttable instruments due to the strict criteria required in order to classify puttable instruments as equity. Some limited life entities may be unaffected by the adoption; others may be affected by changes in the classification of certain qualifying instruments from financial liability to equity instruments. The adoption by ABC Private Equity LP' has had no effect on this classification. For an illustrative set of financial statements with the impact of a change in classification to equity for a limited life entity that is within the scope of IAS 32 (amendment), 'Financial instruments: Presentation' and IAS 1 (amendment), 'Presentation of financial statements', refer to the PricewaterhouseCoopers' publication *Illustrative IFRS financial statements 2009 – Investment funds.*

IFRS 7 (amendments), 'Financial instruments: Disclosures', forms part of the IASB's response to the financial crisis aimed at improving transparency and enhancing accounting guidance. The amendments increase the disclosure requirements about fair value measurement and reinforce existing principles for disclosure about liquidity risk. It introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments at the lowest level in the hierarchy. The existing liquidity risk disclosure is clarified and enhanced, primarily by requiring separate liquidity risk analyses for derivatives and non-derivative financial liabilities and adding a liquidity risk analysis for financial assets, where this is needed to understand the entity's liquidity exposure. In the first year of application, entities need not provide comparative information for the disclosures required by the amendments.

We have attempted to create a realistic set of financial statements for a private equity limited partnership. Certain types of transaction have not been included, as they are not relevant to the Partnership's operations. The example disclosures for some of these additional items and transactions – such as funds without puttable instruments, funds with puttable instruments classified as equity, available-for-sale securities, funds that invest in other investment funds, funds with significant leverage and segment reporting – have been included in the PricewaterhouseCoopers' publication *Illustrative IFRS financial statements 2009 – Investment funds.* Other disclosure items and transactions have been included in other publications in the 'Illustrative' series. See inside the front cover for details.

The example disclosures should not be considered the only acceptable form of presentation. The form and content of each reporting entity's financial statements are the responsibility of the entity's management. Alternative presentations to those proposed in this publication may be equally acceptable if they comply with the specific disclosure requirements prescribed in IFRS. The entity's management is also responsible for providing disclosures that may be required by the relevant legal and regulatory requirements of the governing jurisdiction in which the entity operates.

These illustrative financial statements are not a substitute for reading the standards and interpretations themselves or for professional judgement as to fairness of presentation. They do not cover all possible disclosures that IFRS requires, nor do they take account of any specific legal framework. Further specific information may be required in order to ensure fair presentation under IFRS. We recommend that readers refer to our publication *IFRS disclosure checklist 2009*. Additional accounting disclosures may be required in order to comply with local laws and/or stock exchange regulations.

Structure

Format

The references in the left-hand margin of the financial statements represent the paragraph of the standard in which the disclosure appears – for example, '8p40' indicates IAS 8 paragraph 40 and '1Rp40' indicates IAS 1 (revised) paragraph 40. The reference to IFRS appears in full – for example 'IFRS2p6' indicates IFRS 2 paragraph 6. The designation 'DV' (disclosure voluntary) indicates that the relevant IAS or IFRS encourages, but does not require, the disclosure. These financial statements also include disclosures that may represent best practice. Additional notes and explanations are shown in footnotes. The extent of disclosure required depends on the extent of the entity's use of financial instruments and of its exposure to risk.

All amounts that are shown in brackets are negative amounts.

ABC Private Equity LP

Consolidated financial statements

31 December 2009

Contents

(All amounts in euro thousands unless otherwise stated)

Consolidated statement of financial position[1]

		Note	As at 31 December 2009	2008
1Rp54, 1Rp38, 1Rp113	**Assets**			
1Rp60	**Non-current assets**			
1Rp54(d), IFRS7p8(a)	Financial assets at fair value through profit or loss [2]	9	717,164	488,140
	Total non-current assets		**717,164**	**488,140**
1Rp60, 1Rp66	**Current assets**			
1Rp54(d), IFRS7p8(a)	Financial assets at fair value through profit or loss [2]	9	110	70
1Rp54(d), IFRS7p8(a)	Carried interest clawback [3]	11, 14	3,426	–
1Rp54(h), IFRS7p8(c)	Other receivables and prepayments		923	2,196
	Other assets		300	–
1Rp54(i), IFRS7p8	Cash and cash equivalents	8	17,093	64,040
	Total current assets		**21,852**	**66,306**
	Total assets		**739,016**	**554,446**
1Rp60	**Liabilities**			
1Rp60, 1Rp69	**Current liabilities**			
1Rp54(d), IFRS7p8(a)	Carried interest	11, 14	–	7,100
1Rp54(k), IFRS7p8(f)	Other payables and accrued expenses		4,284	3,315
	Total current liabilities		**4,284**	**10,415**
1Rp60	**Non-current liabilities**			
1Rp54(m), IFRS7p8(f)	Borrowings	10	36,849	33,164
	Total non-current liabilities excluding net assets attributable to the partners		**36,849**	**33,164**
32IE32	**Net assets attributable to the partners**	**12**	**697,883**	**510,867**
	Represented by:			
1Rp54(m)	Net assets attributable to the partners (recognising non-recourse within legal structure)	13	709,069	510,867
	Adjustment for difference in net assets attributable to partners between consolidated basis and recognition of non-recourse within legal structure	13	(11,186)	–

The notes on pages 3 to 38 are an integral part of these financial statements.

[1] IAS 1 (revised), 'Presentation of financial statements', now refers to the balance sheet as 'statement of financial position'.
[2] No investments are accounted for as non-current assets held for sale under IFRS 5, as no controlling interests are held in portfolio companies. For an entity with non-current assets held for sale assets, refer to Illustrative IFRS consolidated financial statements 2009 – Investment properties.
[3] Clawback receivables could be current or non-current, depending on the terms of the Limited Partnership Agreement (the 'LPA').

(All amounts in euro thousands unless otherwise stated)

Consolidated statement of comprehensive income[1] – by nature of expense

		Note	Year ended 31 December	
1Rp82, 1Rp83, 1Rp85, 1Rp102, 1Rp113			**2009**	**2008**
1Rp82(a)	**Income**			
1Rp85	Interest income	5	3,018	2,112
18p35(b)(v)	Dividend income		4,167	4,375
IFRS7p20(a)(i), 1Rp35	Other net changes in fair value of financial assets at fair value through profit or loss	6	190,802	115,582
1Rp85	Net foreign currency gains or losses on cash and cash equivalents[2]		717	(565)
1Rp85	**Total net income**		**198,704**	**121,504**
1Rp85, 1Rp99	**Expenses**			
	Net carried interest clawback/(charge)	11	10,526	(895)
	Management fee	14	(24,816)	(24,816)
	Commissions		(1,407)	(1,193)
	Legal and professional expenses		(1,000)	(1,013)
	Transaction costs	14	(532)	(400)
	Other operating expenses		(1,400)	(215)
	Total operating expenses		**(18,629)**	**(28,532)**
1Rp85	**Operating profit**		**180,075**	**92,972**
1Rp82(b)	**Finance costs**			
	Interest expense		(2,210)	(1,389)
1Rp85, 32p35, 32p40	Distribution of income to the limited partners		(79,958)	(66,737)
	Net foreign exchange gains/(losses) on borrowings		(2,210)	410
	Total finance costs		**(84,378)**	**(67,716)**
	Profit before tax		**95,697**	**25,256**
1Rp82(d)	Withholding tax on dividend income		(718)	(648)
32IE32, 1Rp85, 32p35	**Increase in net assets attributable to the partners from operations[3,4,5]**		**94,979**	**24,608**

The notes on pages 3 to 38 are an integral part of these consolidated financial statements.

[1] IAS 1 (revised), 'Presentation of financial statements', allows a choice of presenting all items of income and expense recognised in a period either (a) in a single statement of comprehensive income, or (b) in two statements comprising (i) a separate income statement, which displays components of profit or loss, and (ii) a statement of comprehensive income, which begins with profit or loss and displays components of other comprehensive income. ABC Private Equity LP has elected to use the single statement approach.

[2] Foreign currency gains and losses are only disclosed for cash and cash equivalents because there are no other financial assets and liabilities not accounted for at fair value through profit or loss upon which foreign currency gains or losses have arisen during the period.

[3] 1Rp82(g) requires the disclosure of each component of 'other comprehensive income'. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other IFRSs. ABC Private Equity LP has no other comprehensive income. All income and expenses had previously been reported in the consolidated income statement. Other comprehensive income for an investment entity can include, among other things, available-for-sale valuation adjustments, currency translation differences on consolidation and valuation adjustments on cash flow hedges.

[4] 'Increase/(decrease) in net assets attributable to partners from operations' in this instance represents the Partnership's total finance cost to the partners and the total comprehensive income. The total comprehensive income is zero, as the amount presented at the bottom of this primary statement is automatically offset by an opposite movement, which corresponds to the change in the net assets (due from)/attributable to the partners (required under IRp82(i)).

[5] These illustrative financial statements assume that all the subsidiaries ('SPEs') have the same functional currency as the Partnership. If this was not the case, there would be foreign currency changes in and out of the statement, which would net out to give the same figure for 'increase in net assets attributable to the partners from operations' and a balancing figure in the 'consolidated statement of financial position'.

(All amounts in euro thousands unless otherwise stated)

Consolidated statement of changes in net assets attributable to the partners[1]

1Rp6, 1Rp106, 1Rp113

		Year ended 31 December					
		2009			2008		
	Notes	General partner	Limited partners	Total	General partner	Limited partners	Total
Net assets attributable to the partners at 1 January		10,217	500,650	510,867	6,914	338,789	345,703
Capital contributions		2,844	139,380	142,224	3,413	167,255	170,668
Capital distributions		(1,004)	(49,183)	(50,187)	(602)	(29,510)	(30,112)
Net increase in capital transactions		1,840	90,197	92,037	2,811	137,745	140,556
(Decrease)/increase in net assets attributable to the partners from operations		(20,193)	115,172	94,979	492	24,116	24,608
Net assets (due from)/ attributable to the partners	**12**	**(8,136)**	**706,019**	**697,883**	**10,217**	**500,650**	**510,867**

The notes on pages 3 to 38 are an integral part of these financial statements.

[1] This consolidated statement of changes in net assets attributable to the partners provides relevant and useful information to the reader corresponding to the requirements of IAS 1 and is therefore considered best practice. We believe this presentation to disclose the equity component is an acceptable method of presenting the statement of changes in equity. There are no other balances or movements of equity for the period.

(All amounts in euro thousands unless otherwise stated)

Consolidated statement of cash flows

			Year ended 31 December	
1Rp113		Notes	2009	2008
7p10, 18(a), 21	**Cash flow from operating activities**			
7p15	Purchase of financial assets		(174,500)	(105,294)
7p15	Proceeds from sale of financial assets		131,995	98,119
7p31	Interest received		2,200	2,090
7p31	Dividends received		6,258	4,175
	Management fees paid		(24,816)	(24,816)
	Other operating income received/(expenses paid)		(2,355)	(8,688)
	Net cash outflow from operating activities		**(61,218)**	**(34,414)**
7p10, 7p21	**Cash flows from financing activities**			
7p17(c)	Proceeds from borrowings		3,501	4,010
7p31	Interest paid		(2,026)	(1,689)
7p17	Capital contributions received from partners	12	142,224	170,668
7p17	Capital and income distributions to partners	12	(130,145)	(96,849)
	Net cash inflow from financing activities		**13,554**	**76,140**
	Net (decrease)/increase in cash and cash equivalents		**(47,664)**	**41,726**
	Cash and cash equivalents at beginning of the year	8	64,040	22,879
7p28	Exchange gains/(losses) on cash and cash equivalents		717	(565)
	Cash and cash equivalents at end of the year	**8**	**17,093**	**64,040**

The notes on pages 6 to 38 are an integral part of these financial statements.

Notes to the consolidated financial statements

1 General information

1Rp138(a), 1Rp138(b), 1Rp51(a), 1Rp51(b)

ABC Private Equity LP (the 'Partnership') is a limited partnership established in Eurania by the Limited Partnership Agreement (the 'LPA') dated 1 January 2005, as amended and restated by a deed of adherence dated 1 August 2007 The Partnership commenced operations on 1 January 2005 and will continue in existence until the later of (i) 31 December 2015, or (ii) one year after the date by which all investments of the Partnership have been liquidated. The Partnership may also be dissolved earlier or its term may be extended for another two years by the general partner (the 'General Partner'), with the approval of a majority of the limited partners' interests.

1Rp138(b)

The registered office of the Partnership is Path Way, Walking Go, Eurania. The General Partner of the Partnership is ABC General Partner Limited. The investment activities of the Partnership are managed by ABC Capital Management Limited (the 'Investment Manager'). The General Partner is responsible for the management, operation and administration of the affairs of the Partnership.

1Rp138(b)

The objectives of the Partnership and its subsidiaries (together the 'Group') are to generate significant medium- to long-term capital growth within a rigorous risk management framework. The Group aims to deliver these objectives by investing in a diversified investment portfolio of unlisted debt and equity securities of unlisted private companies operating predominately in the eurozone. The subsidiaries are incorporated for the purpose of holding the interest of the underlying investments (the 'portfolio companies') in which the Partnership has not control in these investments.

Investments are made to provide finance to help start, develop or transform privately owned companies that demonstrate the potential for significant growth. In addition to providing finance, the General Partner may provide introductions, industry expertise or other assistance to help companies grow their business. This comprises investment in companies at various financing stages – seed financing, venture capital, management/leveraged buyouts, mezzanine financing and distressed debt.

The Group's capital is represented by the net assets attributable to the Partners.

The Group's interest is not traded in a public market, nor does it file its consolidated financial statements with a regulatory organisation for the purpose of issuing any class of instrument in a public market.[1]

10p17

The consolidated financial statements were authorised for issue by the General Partner on 27 March 2010.

2 Summary of significant accounting policies

1Rp119 1Rp117(b)

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

[1] If instruments are traded in a public market or when the financial statements are filed with a securities commission or other regulatory organisation for the purpose of issuing any class of instrument in a public market, IFRS 8, 'Operating segments', would be applicable.

1Rp112(a)

2.1 Basis of preparation

1Rp116, 1Rp117(a)

The consolidated financial statements of ABC Private Equity LP have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the General Partner to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

8p28

(a) Standards and amendments and interpretation to published standards effective on or after 1 January 2009:

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. The Group has applied IAS 1 (Revised) from 1 January 2009, and has elected to present solely a statement of comprehensive income. The adoption of this revised standard has not resulted in a significant change to the presentation of the Group's performance statement as the Group has no elements of other comprehensive income.
- IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements', 'Puttable financial instruments and obligations arising on liquidation'[1]. The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. As the Partnership's interests are established under the LPA with different rights to the GP and LPs regarding allocation and distribution of Partnership's interests and participation in the operation of the Partnership, their features are not considered identical. Therefore, the Partnership's interests are outside the scope of this amendment. Adoption of this amendment does not impact the classification of net assets attributable to partners.

[1] As the Group's interests are established under the LPA with different rights to the GP and LPs regarding allocation and distribution of Group's interests and participation in the operation of the Group, their features are not considered identical. Therefore, the Group is outside the scope of this amendment.

- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvement project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. Adoption did not have a significant impact on the Group's financial statements.

- IFRS 7 (amendments) 'Financial instruments: Disclosures'. The IASB published amendments to IFRS 7 in March 2009. The amendments require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require disclosure of fair value measurements by reference to a three-level fair value measurement hierarchy. In addition, it is clarified that the maturity analysis of liabilities should include issued financial guarantee contracts at the maximum amount of the guarantee in the earliest period in which the guarantee could be called; and secondly requires disclosure of remaining contractual maturities of financial derivatives if the contractual maturities are essential for an understanding of the timing of the cash flows. An entity has to disclose a maturity analysis of financial assets it holds for managing liquidity risk, if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. The adoption of the amendments results in additional disclosures but does not have an impact on the Partnership's financial position or comprehensive income.

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(b) Standards, amendments and interpretations to published standards effective in 2009 but not relevant:

- IAS 23 (amendment), 'Borrowing costs';
- IAS 39 and IFRIC 9 (amendments), 'Embedded derivatives' (effective for all periods ending on or after 30 June 2009);
- IFRS 1 (amendment), 'First time adoption of IFRS', and IAS 27, 'Consolidated and separate financial statements';
- IFRS 2 (amendment), 'Share-based payment';
- IFRS 8, 'Operating segments'[1]; and
- IFRIC 15, 'Agreements for construction of real estate'
- IFRIC 16, 'Hedges of a net investment in a in a foreign operation'

8p30

(c) *Standards, amendments and interpretation to published standards that are not yet effective and have not been early adopted by the Group:*
The following standards, amendments and interpretations to published standards are mandatory for the Group's accounting periods beginning on or after 1 July 2009 or later periods, but the Group has not early adopted them:

- IAS 1 (amendment), 'Presentation of financial statements';
- IAS 24 (revised), 'Related party disclosures' (effective from 1 January 2011);
- IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009);
- IAS 32 (amendment), 'Classification of right issues' (effective from 1 February 2010);
- IAS 39 (amendments), 'Financial instruments: Recognition and measurement – Eligible hedged items' (effective from 1 July 2009);
- IFRS 1 (amendment), 'Additional exemptions for first-time adopters' (effective from 1 January 2010);

[1] The Group is outside the scope of IFRS 8, as it does not issue equity or debt instruments that are traded on a public market and it does not file its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

- IFRS 2 (amendment), 'Group cash-settled share-based payment transactions' (effective from 1 January 2010);
- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009);
- IFRS 9, 'Financial instruments' (effective from 1 January 2013);
- IFRIC 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009);
- IFRIC 18, 'Transfers of assets from customers' (effective from 1 July 2009); and
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective from 1 July 2010).

'Improvements to IFRS' were issued in May 2008 and April 2009 respectively and contain numerous amendments to IFRS, which the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments relating to a variety of individual standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted. No material changes to accounting policies are expected as result of these amendments.

1Rp119

2.2 Consolidation

27p12

(a) Subsidiaries

27p14, 27p30

Subsidiaries are all entities including the special purpose entities (SPEs) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, and are consolidated. Subsidiaries ('SPEs') are incorporated for the purpose of holding underlying investments (the 'portfolio companies') on behalf of the Partnership, and as new SPEs are incorporated for each investment, there are no business combinations. The SPEs have no operations other than the investment in portfolio companies, and providing a vehicle for the onward sale of a portfolio investment. No portfolio companies are consolidated, as they are not controlled. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Partnership controls another entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The inclusion of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Partnership.

27p24
27p28

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1Rp119

(b) Associates

28p13, 28p11

An associate is an entity, including an unincorporated entity such as a partnership, over which the Partnership has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Investments that are held as part of the Partnership's investment portfolio are carried in the balance sheet at fair value even though the Partnership may have significant influence over those companies. This treatment is permitted by IAS 28, 'Investment in associates', which allows investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the income statement in the period of the change.

Note

For private equity funds or partnerships with joint venture arrangement, scope exclusion under IAS 31 needs to be considered. Relevant disclosures regarding accounting treatment for joint venture should also be considered.

1Rp119

2.3 Foreign currency translation

21p17, 21p9

(a) Functional and presentation currency

1Rp51(d)

The partners are mainly from the eurozone, and the contributions received and distributions paid to partners are denominated in euros. The primary activity of the Partnership is to invest in a portfolio of unlisted debt and equity securities of unlisted private companies operating predominately in the eurozone. The performance of the Partnership is measured and reported to the investors in euros. The General Partner considers the euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The consolidated financial statements are presented in euros, which is also the Partnership's functional currency.
The presentation currency of the group and the functional currency of each subsidiary is the same as the functional currency of the Partnership.

21p21, 21p28, 21p52(a)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the balance sheet date.

Foreign exchange gains and losses arising from translation are included in the consolidated statement of comprehensive income.

21p28

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'net foreign currency gains or losses on cash and cash equivalents'.

21p30

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within 'other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss'.

1Rp119,

2.4 Financial assets and financial liabilities at fair value through profit or loss

39p9, IFRS7p21

(a) Classification

The Group classifies its investments in debt and equity securities, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the General Partner at fair value through profit or loss at inception.

This category has two sub-categories: financial assets and financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

(i) Financial assets and liabilities held for trading
A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading. The Group does not classify any derivatives as hedges in a hedging relationship.

39p9, IFRS7B5(a) *(ii) Financial assets and liabilities designated at fair value through profit or loss at inception*
Financial assets and liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy.

The Group's policy requires the Investment Manager and the General Partner to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information. Assets and liabilities in this category are classified as current assets and current liabilities if they are expected to be realised within 12 months of the balance sheet date. Those not expected to be realised within 12 months of the balance sheet date will be classified as non-current.

Carried interest clawback is designated by the General Partner as a financial asset at fair value through profit or loss. Details of the mechanism of carried interest clawback are addressed in Note 2.10.

Unfunded capital commitments to purchase further equity in portfolio investments are classified as derivative financial instruments and disclosed within Note 3.1.3 and Note 9.

IFRS7B5(c) *(b) Recognition, derecognition and measurement*

IFRS7p21
39p16, 39p38
39p43

Regular purchases and sales of investments are recognised on the trade date – the date on which the Group commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the consolidated statement of comprehensive income. These are further addressed in Note 2.14.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

39p46, 39p55 Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income within other net changes in fair value of financial assets at fair value through profit or loss in the period in which they arise.

IFRS7AppxB5(e) Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Group's right to receive payments is established. Interest income on debt securities at fair value through profit or loss is recognised in the consolidated statement of comprehensive income as part of the fair value gains/losses in other net changes in fair value of financial assets at fair value through profit or loss.

(c) Fair value estimation

IFRS7p27
39AG72, 39AG73,
39AG74

The fair value of financial assets traded in active markets (such as publicly traded derivatives and equity securities publicly traded on a stock exchange) are based on quoted market prices at the close of trading on the year end date[1]. The quoted market price used for financial assets held by the Group is the current bid price[2];. When the Group holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate. If a significant movement in fair value occurs subsequent to the close of trading up to midnight in a particular stock exchange on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign stock exchange, but before the Group's valuation time, that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations[3].

The fair value of unlisted securities are based on the Group's valuation models, including earnings multiples (based on the budgeted earnings or historical earnings of the issuer and earning multiples of comparable listed companies) and discounted cash flows. The Group also considers original transaction price, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments. It adjusts the model as deemed necessary for factors such as non-maintainable earnings, tax risk, growth stage and cash traps. Cross-checks of primary techniques are made against other secondary valuation techniques.

The Group's valuation model technique for debt instruments is the net present value of estimated future cash flows based on a discounted cash flow model. For the discount rate used, the Group is based on the risk-free rate of the economic environment in which portfolio companies operate and is adjusted with other factors such as liquidity, credit and market risk factors. Similar to the earning multiples model, cash flow used in the discount cash flow model is based on projected cash flow or earnings of the portfolio companies.

Forward contracts are contractual obligations to buy or sell financial instruments on a future date at a specified price established over the counter. Forward contracts are valued based on the difference between agreed price of selling or buying the financial instruments on a future date and the price quoted on the year end date for selling or buying the same or similar financial instruments. Fair values for unquoted securities are determined by the General Partner using valuation techniques. They take into account the relevant developments since the acquisition of the investments and other factors pertinent to the valuation of the investments with reference to such rights in connection with realisation, recent third-party transactions of comparable types of instrument, and reliable indicative offers from potential buyers, applying discounted cash flow analysis and earnings multiple methodology. In determining fair valuation, the General Partner in many instances relies on the financial data of investees and on estimates by the management of the investee companies as to the effect of future developments. Although the General Partner uses its best judgement in estimating the

[1] If investments are restricted, i.e. they are a particular class of instrument with a restriction in the terms of that class or issued with a restriction, that restriction is relevant in determining the fair value of investments. However, if the restriction is part of a separate agreement between the buyer and seller and the shares are identical to other shares with no such restriction that restriction is not relevant to the valuation of the securities.

[2] The existence of published price quotations in an active market is the best evidence of fair value and, when they are available, they must be used to measure fair value. The phrase "quoted in an active market" means that quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency. Those prices represent actual and regularly occurring market transactions on an arm's length basis that are not distressed sales. The price can be taken from the most favourable market to which the entity has access, even if that were not the market in which a transaction would occur [IAS39R.AG71]. The quoted market price cannot be adjusted for "blockage" or "liquidity" factors. Some financial instruments that for measurement purpose are considered to have an active market maybe classified within level 2 for disclosure purposes [IFRS 7BC39D]

[3] If a 'significant event' (for example, corporate action, corporate or regulatory news, suspension of trading, natural disaster, market fluctuations) occurs, the General Partners should consider whether the valuation model would reflect a more current value of the securities held by the Group.

fair value of investments, there are inherent limitations in any estimation techniques. The fair value estimates presented herein are not necessarily indicative of an amount the Group could realise in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

1Rp119

2.5 Receivables

IFRS7p21

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognised initially at fair value. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

39p58, 39p59, IFRS7Appx B5(f)

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts to be received. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount to be received is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

39p9

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument – or, when appropriate, a shorter period – to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the General Partner estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

1Rp119
IFRS7p21, 32p42

2.6 Offsetting financial instruments

Financial instruments are offset and the net amount reported in the balance sheet only when there is legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1Rp119
IFRS7p21

2.7 Cash and cash equivalents

7p45, 7p46

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts[1].

1Rp119

2.8 Borrowings

39p43, 39p47
IFRS7p21

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

1p60

Borrowings are shown as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

[1] Only non-restricted margin accounts should be included as part of cash and cash equivalents.

1Rp119

2.9 Payables and accrued expenses

IFRS7p21, 39p43, 39p47

Payables and accrued expenses are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

1p110

2.10 Carried interest charge and clawback

39p9

The General Partner is entitled to receive a share of the realised profits of the Group. The Group recognises a financial liability based on the estimated fair value of its assets at the balance sheet date. Carried interest payable is accrued on those investments on which performance conditions, measured at the balance sheet date, would be achieved if the investments were realised at fair values. Carried interest is equal to the hypothetical share of profits taking into account the cash already distributed from the Group and amount of divestment proceeds receivable. Carried interest is paid when the performance conditions are met. The performance conditions are explained in Note 2.15.

Carried interest clawback is designated as a financial asset at fair value through profit or loss. It represents the amount of carried interest theoretically due back to the Group from the General Partner. The clawback receivable is calculated as the (i) cumulative amount of carried interest previously provided and distributed to the General Partner less (ii) the cumulative amount of carried interest that would be due, applying the Group's capital calls and distributions to date, and applying the net asset value at the year end as a theoretical distribution at that date.

1Rp119

2.11 Net assets attributable to the partners

IFRS7p21, 32p18, 39AG32

The Group's contributed capital consists of two different classes. Net assets attributable to the partners' capital classifies as a financial liability, due to a finite life and contractual payment provisions to each class of partners within the Limited Partnership Agreement.

Net assets attributable to partners' capital are carried at amortised cost consistent with other amounts classified as borrowings.

1Rp119

2.12 Interest income and dividend income

IFRS7p21, 18p30(c)

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income statement within dividend income when the Partnership's right to receive payments is established.

18p30(a)

Interest income is recognised on a time-proportion basis using the effective interest method. It includes interest income from cash and cash equivalents and on debt securities at fair value through profit or loss .

IFRS7p21, 1Rp119

2.13 Legal and professional expenses

Legal and professional expenses are costs incurred on a regular basis for fees paid for regulatory bodies and fees paid to agents for carrying out the duties on behalf of the Group for regulatory and compliance purpose. These costs are immediately recognised in profit or loss as an expense.

IFRS7p21, 1Rp119

2.14 Transactions costs

Transaction costs are legal and professional fees incurred to structure a deal to acquire the financial assets at fair value through profit or loss. They include the upfront fees and commissions paid to agents, advisers, brokers and dealers and due diligence fees. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

IFRS7p21
1Rp119
32IE32
32p35, 32p40

2.15 Distributions

Dividend payments are recognised as finance costs as the partners' capital are a financial liability. Repayment of funded committed capital is shown in the statement of changes in net assets attributable the partners.

Distributions are allocated pro rata in accordance with each partner's capital commitment until the partners have received aggregate distributions equalling the sum of (i) contributed capital and (ii) preferred return of 8% per annum, compounded annually on unreturned contributed capital.

Subsequent distributions are allocated 80% to the General Partner and 20% to the Limited Partners until the General Partner has received aggregate distributions equalling 20% of net cash flow from partnership investments (the 'catch-up amount').

All remaining distributions above the catch-up amount will be allocated (i) 20% to the General Partner, and (ii) 80% to the Limited Partners pro rata in accordance with each partner's capital commitment.

Losses will be allocated in a manner designed appropriately to reverse, on a cumulative basis, allocations previously made as clawback, as detailed in Note 2.10.

IFRS7p21,
1Rp119

2.16 Taxation

The Partnership is domiciled in Eurania. Under the current laws of Eurania, there is no income, estate, corporation, capital gains or other taxes payable by the Group. Any other tax liability arising on the activities of the Group will be borne by the individual partners.

The Group currently incurs only withholding tax imposed by certain countries on dividend income, which is recorded gross of withholding tax in the income statement.

1Rp119

2.17 Unfunded committed capital

Unfunded committed capital from the partners is not shown on the balance sheet, as the Group has no unconditional right to receive cash as long as it has not identified an investment to invest In.

3 Financial risk management

IFRS7p33

3.1 Financial risk factors

IFRS7p31

The objective of the Group is to achieve medium to long-term capital growth through investing in a selection of unlisted private companies trading mainly in the eurozone.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group uses derivative financial instruments to moderate certain risk exposures.

IFRS7p33

3.1.1 Market risk

IFRS7p33(a),
IFRS7p33(b)

(a) Price risk

The Group's investments and derivative financial instruments are susceptible to market price risk arising from uncertainties about future values of the instruments. The Group's Investment Manager, ABC Capital Management Limited, provides the Group with investment recommendations. The Investment Manager's recommendations are reviewed by the General Partner before the investment decisions are implemented. To manage the market price risk, the General Partner reviews the performance of the portfolio companies on a monthly basis and is regularly in contact with the management of the portfolio companies for business and operational matters.

(All amounts in euro thousands unless otherwise stated)

The performance of investments held by the Group is monitored by the Group's Investment Manager on a monthly basis and reviewed by the General Partner on a quarterly basis.

The Group's investment restrictions prohibit it from investing more than 5% of its committed contributions in any one company.

At 31 December, the fair value of equities securities exposed to price risk were as follows:

IFRS7p34(a), 27(b)

	Fair value	
	2009	**2008**
Financial assets designated at fair value through profit or loss		
Equity securities traded in an active market	14,492	582
Equity securities not traded in an active market designated at fair value through profit or loss	302,131	360,623
Carried interest clawback	3,426	–
Total financial assets as at fair value through profit or loss subject to price risk	**320,049**	**361,205**
Other investments held not subject to price risk		
Financial assets held for trading subject to foreign currency risk		
Forward foreign exchange contracts	110	70
Financial assets designated at fair value through profit or loss subject to interest rate risk		
Debt securities not traded in an active market designated at fair value through profit or loss	400,541	126,935
Total financial assets designated at fair value through profit or loss	**720,700**	**488,210**
Other assets – cash held on escrow account (Note (a))	300	–

IFRS7p40

Note (a): As part of the disposal terms of K Limited, 20% of the sale price was deposited into an escrow account and will be released, subject to certain conditions being met, on 31 July 2010. No impairment provision has been made, as it is the opinion of the General Partner that the full amount will be received.

At 31 December 2009, the Group's market risk is affected by changes in the level or volatility of market rates, such as foreign exchange rates and interest rates, or prices, such as equity prices. Movements in foreign currency rates and interest rates are covered in paragraph (b)
and (c) respectively.

At 31 December 2009, if the prices of comparable equity securities traded in an active market were increased/decreased by 8%, including the effect of movements in foreign currency exchange rates on equity prices, with all other variables held constant, the impact on net assets attributable to the partners would be €1,175 (2008: €47). The analysis is based on the assumptions on the historical volatility of the prices of those comparable equity securities having similar nature of business and geographical locations as to those equity securities held by the Group.

(All amounts in euro thousands unless otherwise stated)

If the price of equity securities not traded in an active market were increased/decreased based on the market risk variable as shown below, the impact on net assets attributable to partners, including the effect of movements in foreign currency exchange rates on equity prices, would be €15,116 (2008: €10,648).

IFRS7p40

Industry	Valuation methodology	Market risk variable	Number of investee companies	Reasonable possible change (%)	Impact on net assets attributable to the partners
As at 31 December 2009					
Consumer goods	Earnings multiple	Price earnings multiple	6	2	8,752
Transportation	Earnings multiple	Price earnings multiple	2	1.5	2,454
Technology	Earnings multiple	Price earnings multiple	1	3	914
Healthcare	Recent comparable transaction	Recent comparable transaction	1	4	2,226
Financial services	Discounted cash flow based	Interest rate	1	1	770
Total					**15,116**
As at 31 December 2008					
Consumer goods	Earnings multiple	Price earnings multiple	7	2	6,843
Transportation	Earnings multiple	Price earnings multiple	2	1.5	1,145
Technology	Earnings multiple	Price earnings multiple	1	3	622
Healthcare	Recent comparable transaction	Recent comparable transaction	1	4	1,514
Financial services	Discounted cash flow based	Interest rate	1	1	524
Total					**10,648**

Earnings multiple-based valuation

These investments are valued as at 31 December 2009 against comparable companies' earning multiples ranging from 6 to 9 (2008: 5 to 8.5).

Discounted cash flow based valuation

These investments are valued based on cash flows discounted using a range of rates based on the market interest rate and the risk premium specific to these unlisted securities of 8% to 10% (2008: 6% to 8%).

IFRS7p33(a), IFRS7p33(b)

(b) Foreign exchange risk

The Group hold assets (both monetary and non-monetary) denominated in currencies other than the functional currency (the euro). It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in exchange rates. The Investment Manager is responsible for managing the net position of the monetary and non-monetary positions in each foreign currency by using external forward currency contracts.

In accordance with the Partnership's policy, the Investment Manager monitors the Partnership's currency position, including monetary and non-monetary items, on a monthly basis; the General Partner reviews it on a quarterly basis.

Foreign currency risk, as defined in IFRS 7, arises as the value of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, the General Partner monitors the exposure on all foreign-currency-denominated assets and liabilities. The table below has therefore been analysed between monetary and non-monetary items to meet the requirements of IFRS 7.

The Group's policy is to manage the Group's exposure to foreign exchange movements (both monetary and non-monetary) by using forward foreign exchange contracts; however, the Group does not adopt any hedge accounting policies

IFRS7p34(a)

	Amounts presented in equivalent amounts of euro thousands with the original currency as:			
	USD'000 2009	**USD'000 2008**	**GBP'000 2009**	**GBP'000 2008**
As at 31 December				
Assets				
Cash at bank (monetary)	5,761	10,611	5,898	10,821
Financial assets at fair value through profit or loss – equity instruments (non-monetary)	10,130	20,055	42,100	33,515
Financial assets at fair value through profit or loss – debt instruments (monetary)	40,100	19,001	44,009	10,423
Other assets (monetary)	138	–	55	–
Liabilities				
Other liabilities (monetary)	605	410	729	533
Net consolidated statement of financial position exposure	55,524	49,257	91,333	54,226
Less forward exchange contract (monetary)			(61,280)	(32,116)
Net currency exposure	**55,524**	**49,257**	**30,053**	**22,110**

IFRS7p40, IFRS7IG36

At 31 December 2009, had the exchange rate between the US dollar and the euro increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in net assets attributable to the partners from operations would amount to approximately €2,776 (2008: €2,463), of which €2,270 (2008: €1,460) are attributable to monetary items. This would have been mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets at fair value through profit or loss.

(All amounts in euro thousands unless otherwise stated)

,

At 31 December 2009, had the exchange rate between the GB pound and the euro increased or decreased by 4% with all other variables held constant, the increase or decrease respectively in net assets attributable to the partners from operations would amount to approximately €2,166 (2008: €1,797), of which €482 (2008: €456) are attributable to monetary items. This would have been mainly as a result of foreign exchange gains/losses on translation of GB pound-denominated financial assets at fair value through profit or loss.

IFRS7p33(a), IFRS7p33(b)

(c) Interest rate risk

The Group is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. All debt instruments included in the category financial assets at fair value through profit or loss and all borrowings have floating interest rates.

The table below summarises the Group's exposure to interest rate risks. It includes the Group's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

IFRS7p34

	Up to 1 month	1 to 3 months	3 months to 1 year	Non-interest bearing	Total
At 31 December 2009					
Assets					
Financial assets at fair value through profit or loss	–	20,400	380,141	316,733	717,274
Carried interest clawback	–	–	–	3,426	3,426
Other receivables and prepayments	923	–	–	–	923
Other assets	–	–	–	300	300
Cash and cash equivalents	17,093	–	–	–	17,093
Total assets	**18,016**	**20,400**	**380,141**	**320,459**	**739,016**
Liabilities					
Borrowings	–	–	36,849	–	36,849
Other payable and accrued expenses	–	–	–	4,284	4,284
Net assets attributable to the partners	–	–	–	697,883	697,883
Total liabilities	**–**	**–**	**36,849**	**702,167**	**739,016**

IFRS7p34

	Up to 1 month	1 to 3 months	3 months to 1 year	Non-interest bearing	Total
At 31 December 2008					
Assets					
Financial assets at fair value through profit or loss	–	12,500	114,435	361,275	488,210
Other receivables and prepayments	2,196	–	–	–	2,196
Cash at bank	64,040	–	–	–	64,040
Total assets	**66,236**	**12,500**	**114,435**	**361,275**	**554,446**
Liabilities					
Borrowings	–	–	33,164	–	33,164
Carried interest	–	–	–	7,100	7,100
Other payable and accrued expenses	–	–	–	3,315	3,315
Net assets attributable to the partners	–	–	–	510,867	510,867
Total liabilities	**–**	**–**	**33,164**	**521,282**	**554,446**

(All amounts in euro thousands unless otherwise stated)

IFRS7p40 At 31 December 2009, should interest rates change by 25 (2008: 30) basis

IG36 points with all other variables remaining constant, the increase/decrease in net assets attributable to the partners from operations for the year would amount to approximately €1,004 (2008: €393). The sensitivity of net assets attributable to the partners to movements in interest rates is higher in 2009 than in 2008 because of a drawdown of the loan.

IFRS7p33(b) In accordance with the Group's policy, the Investment Manager monitors the Group's overall interest sensitivity on a monthly basis, and the General Partner reviews it on a quarterly basis with reference to market interest rates of 3-month US T-bills and LIBOR.

The Group has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Group invests, and the impact on the valuation that use interest rates as an input in the valuation model. Therefore, the above sensitivity analysis may not indicate the total effect on the Group's net assets attributable to the partners of future movements in interest rates.

IFRS7p33

3.1.2 Credit risk

IFRS7p33(a) The Group takes on exposure to credit risk, which is the risk that one party to will cause a financial loss for the other party by failing to discharge an obligation. The Group is exposed to the risk of non-payment of debt instrument or the interest due on loans given to portfolio companies.

IFRS7p34(c) The Group has no significant concentration of credit risk. Cash transactions are limited to financial institutions with credit rating of AA/Aa or higher, as rated by the rating agency Ratings Plc. All debt investments represent private equity investments

IFRS7p36(c) The Group assesses all counterparties, including its customers, for credit risk before contracting with them. The Group's maximum exposure to credit risk is detailed in the table below. It does not include any collateral or other credit risk enhancer, which reduce the Group's exposure.

IFRS7p36(a), IFRS7p34 The maximum exposure to credit risk before any credit enhancements at 31 December is the carrying amount of the financial assets set out below.

	2009	**2008**
Carried interest clawback	3,426	–
Other receivables	900	2,000
Forward foreign exchange contracts	110	70
Cash and cash equivalents	17,093	64,040
Debt investments	400,541	126,935
Other assets	300	–
Total	**422,370**	**193,045**

IFRS7p17, IFRS7p36 The Group provides loans to private companies, which are represented as debt instruments. No collateral is received from the underlying companies. The credit quality of these investments is based on the financial performance of the individual portfolio company. For those assets that are not past due, it is believed that the risk of default is small, and the capital repayments and interest payments will be made in accordance with the agreed terms and conditions. No terms or conditions are renegotiated.

As at 31 December 2009, the assets held by the Group are not past due or impaired. (2008: nil).

(All amounts in euro thousands unless otherwise stated)

IFRS7p9(c)

The change of the credit quality is reflected in the fair value of the instrument. For the year ended 31 December 2009, unrealised losses of €12,376 (2008: €31,417) are attributable to these debt instruments. As at 31 December 2009, total unrealised losses amounting to €67,600 are recognised for debt instruments (2008: €48,600).

IFRS7p33(b)

In accordance with the Group's policy, the Investment Manager monitors the Group's credit position on a monthly basis; the General Partner reviews it on a quarterly basis.

3.1.3 Liquidity risk

IFRS7p33(a)(b)

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

IFRS7p39(a)(b)

The Group has the ability to borrow in the short term to ensure settlement of investment transactions. This serves as a bridging facility until capital contributions have been received from the limited partners. The Group's ability to borrow will be subject to certain limitations, including that the total amount of all borrowings outstanding at any time will not exceed the level of (i) 20% of the total commitments, or ii) the amount of the undrawn commitments at such time. The Group's exposure to liquidity risk is detailed in the table below..

The Group may periodically invest in derivative contracts and debt securities traded over the counter and unlisted equity investments that are not traded in an organised market and may be illiquid. As a result, the Group may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. At 31 December 2009, the Group held €717,464 in investments that it considered to be illiquid (2008: €488,210).

IFRS7B11E

The Group manages its liquidity risk by a combination of (i) contractual uncalled committed capital, which can be called with 14 days notice, to fund investments and management fees, and (ii) maintaining cash levels to fund short term operating expenses. The following table illustrates the expected liquidity of assets held and undrawn capital commitments[1]:

At 31 December 2009	Undrawn capital commitments	Less than 1 month	1-12 months	More than 12 months
Total assets and undrawn capital commitments	1,148,251	23,671	3,426	717,574

Unfunded commitments that are given by the limited partners to the Partnership are also included in the table. They can be drawn down at any time. The amounts in the table are the contractual undiscounted cash flows.

[1] IFRS 7 pB11E states that an entity shall disclose a maturity analysis of financial assets it holds for managing liquidity risk if that information is necessary to enable users of its financial statements to evaluate the nature and extent of liquidity risk. It is acceptable to present this analysis in narrative format or tabular format. This requirement is part of the IFRS 7 amendments effective 1 January 2009. In the first year of application, an entity need not provide comparative information for the disclosures required by the amendments. ABC Private Equity LP has therefore elected not to provide comparatives.

(All amounts in euro thousands unless otherwise stated)

IFRS7p39(a)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	On demand	Less than 1 year	Between 1 and 2 years	More than 2 years	Total
At 31 December 2009					
Liabilities					
Borrowings	–	2,000	36,600	–	38,600
Other payable and accrued expenses	–	4,084	–	–	4,084
Net assets attributable to the partners	–	–	–	697,883	697,883
Total liabilities		**6,084**	**36,600**	**697,883**	**740,567**
Total unfunded capital commitments to investee companies	**280,641**	**–**	**–**	**–**	**280,641**
At 31 December 2008					
Liabilities					
Borrowings	–	1,958	32,506	–	34,464
Carried interest	–	7,100	–		7,100
Other payable and accrued expenses	–	3,015	–	–	3,015
Net assets attributable to the partners	–	–	–	510,867	510,867
Total liabilities	**–**	**12,073**	**32,506**	**510,867**	**555,446**
Total unfunded capital commitments to investee companies	**240,030**	**–**	**–**	**–**	**240,030**

1Rp134, 1Rp135

3.2 Capital risk management

The capital of the Group is represented by the net assets attributable to the partners. The Group's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Group.

The General Partner monitors capital on the basis of the value of net assets attributable to partners.

IFRS7p27

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Group to classify for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(All amounts in euro thousands unless otherwise stated)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety should be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

For fair value estimation, see Note 2.4(c) for details.

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

IFRS7p27B(a) The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value at 31 December 2009[1,2,3]:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading:				
– Derivatives	–	110	–	110
Financial assets designated at fair value through profit or loss at inception:				
– Equity securities	14,492	–	302,131	316,623
– Debt securities	–	–	400,541	400,541
– Carried interest clawback	–	–	3,426	3,426
– Unfunded committed capital to investee companies	–	–	–	–
Total assets measured at fair value	**14,492**	**110**	**706,098**	**720,700**

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities. As at 31 December 2009, the Group did not adjust the quoted price for these instruments (2008: nil).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information[4].

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity and corporate debt securities. As observable prices are not available for these securities, the Group has used valuation techniques to derive the fair value. Level 3 instruments also include investments in other private equity funds, as they cannot be redeemed at the year end date at the underlying fund's quoted NAV.

[1] For fund with financial liabilities measured at fair value, similar analysis as disclosed in the table above relating to three-level fair value hierarchy is required.
[2] In the first year of application of the IFRS7 amendments, there is no requirement for an entity to provide comparative information. The Group has therefore elected not to provide comparatives.
[3] Valuation hierarchy disclosures must be given by class of financial instrument (IFRS7p27B).
[4] In cases where funds utilise broker quotes to assess valuation it is important to identify whether the quotes are binding and executable or indicative and not executable. Binding quotes would support a Level 2 classification however if a quote is just indicative this may result in level 3.

(All amounts in euro thousands unless otherwise stated)

The Level 3 investments consist of private equity and debt positions. The main inputs into the Group's valuation model for these private equity and debt investments include: earnings multiples (based on the budgeted earnings or historical earnings of the issuer over the past decade and earning multiples of comparable listed companies) and discounted cash flows. The Group also considers original transaction price, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments and adjusts the model as deemed necessary. The Group's valuation model technique for debt instrument is the net present value of estimated future cash flows based on a discount cash flow model. For the discount rates used, the Group would first base them on the risk-free rate of the economic environment in which the portfolio companies operate and adjust them for other factors such as liquidity, credit and market risk factors. Similar to the earning multiples model, cash flows used in the discount cash flow model are based on projected cash flows or earnings of the portfolio companies.

There were no transfers between levels for the year ended 31 December 2009.

The following table presents the movement in level 3 instruments for the year ended 31 December 2009 by class of financial instrument:

IFRS7p27B(b)
IFRS7p27B(c)

	Unfunded capital commitments to investee companies	Carried interest clawback/ carried interest	Equity securities	Debt securities	Total
Opening balance	–	(7,100)	360,623	126,935	480,458
Purchase/addition	–	–	–	174,500	174,500
Sales/reduction	–	–	(900)	–	(900)
Gains/(losses) recognised in consolidated statement of comprehensive income:					
– Other net changes in fair value of financial assets at fair value through profit or loss	–	–	(57,592)	99,106	41,514
– Net carried interest clawback/(charge)	–	10,526	–	–	10,526
Closing balance	**–**	**3,426**	**302,131**	**400,541**	**706,098**

Gains or losses included in profit or loss for the year end 31 December 2009 are presented in trading income and in other income as follows:

	Trading income	Other income
Total gains or losses in profit or loss for the year	41,514	
Total gains/(losses) for the period included in profit or loss for assets held at the end of the year	66,222	10,526

IFRS7p27B(e)

The above presents the investments whose fair values are recognised in whole or in part using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions in the same instrument and the effect of changing one or more those assumptions behind the valuation techniques adopted based on reasonable possible alternative assumptions.

(All amounts in euro thousands unless otherwise stated)

For the private equity positions valued using earning multiple models, if the earnings multiples used in the price to earnings valuation model were increased/decreased by 33%, this would have resulted in an increase/decrease in value of €3,560. For the private equity positions valued using a discounted cash flow model, if the discount rates used in the discounted cash flow valuation model were increased/decreased by 1%, this would have resulted in an increase/decrease in value of €1,132.

IFRS7p6, IFRS7p8

3.4 Financial instruments by category

	Loans and receivables	Assets at fair value through profit or loss	Total
Assets as per statement of financial position			
31 December 2009			
Financial assets at fair value through profit or loss	–	717,274	717,274
Carried interest clawback	–	3,426	3,426
Other assets	300	–	300
Other receivables	900	–	900
Cash at bank	17,093	–	17,093
Total	**18,293**	**720,700**	**738,993**
31 December 2008			
Financial assets at fair value through profit or loss	–	488,210	488,210
Other receivables and prepayments	2,196	–	2,196
Cash and cash equivalents	64,040	–	64,040
Total	**66,236**	**488,210**	**554,446**

	Other financial liabilities	Liabilities at fair value through profit or loss	Total
Liabilities as per statement of financial position			
31 December 2009			
Other payables and accrued expenses	4,284	–	4,284
Borrowings	36,849	–	36,849
Net assets attributable to partners	697,883	–	697,883
Total	**739,016**		**739,016**
31 December 2008			
Carried interest	–	7,100	7,100
Other payables and accrued expenses	3,315	–	3,315
Borrowings	33,164	–	33,164
Net assets attributable to partners	510,867	–	510,867
Total	**547,346**	**7,100**	**554,446**

The carrying value less impairment provision of other receivables and payables measured at amortised cost are assumed to approximate their fair values for disclosure purposes. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

In cases where the carrying amount is a reasonable approximation of fair value – for example, for financial instruments such as short-term receivables and payables – no additional fair value is disclosed. All current assets and current liabilities are short-term.

4. Critical accounting estimates and judgements

1Rp122, 1Rp125

4.1 Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.2 Fair value of investments not quoted in an active market

The fair value of securities that are not quoted in an active market is determined by using valuation techniques, primarily earning multiples, discounted cash flows and recent comparable transactions. The models used to determine fair values are validated and periodically reviewed by the General Partner. The inputs in the earning multiples models include observable data, such as earning multiples of comparable companies to the relevant portfolio company, and unobservable data, such as forecast earnings for the portfolio company. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant portfolio company and the risk premium for liquidity and credit risk that are incorporated into the discount rate. However, the discount rates used for valuing equity securities are determined based on historic equity returns for other entities operating in the same industry for which market returns are observable. Management uses models to adjust the observed equity returns to reflect the actual debt/equity financing structure of the valued equity investment.

Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

4.3 Fair value of derivative financial instruments

The Group may, from time to time, hold other financial instruments that are not quoted in active markets, such as over-the-counter derivatives. Fair values of such instruments are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel, independent of the party that created them. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(All amounts in euro thousands unless otherwise stated)

4.4 Functional currency

The General Partner considers the euro to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The euro is the currency in which the Group measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. This determination also considers the competitive environment in which the Group is compared to other European private equity funds.

4.5 Carried interest and clawback

Carried interest and clawback are calculated based on a hypothetical share of profits taking into account the cash already distributed from the Group and the amount of divestment proceeds receivable or to be received upon disposal as estimated by the General Partner. The final amount of the carried interest to be distributed to the General Partner upon liquidation may be significantly different from the amount reported at the balance sheet date.

5 Interest income

		2009	2008
IFRS7p20(b)	Cash and cash equivalents	3,018	2,112
	Total interest income	**3,018**	**2,112**

6 Other net changes in fair value on financial assets at fair value through profit or loss

		2009	2008
IFRS7p20(a)(i)	Designated at fair value through profit or loss	190,622	115,272
	Held for trading at fair value through profit or loss	180	310
	Total change in fair value of financial assets	**190,802**	**115,582**
	Realised gains on investments	99,874	90,639
	Realised loss on investments	(1,077)	(2,054)
	Unrealised gains on investments	124,796	61,006
	Unrealised losses on investments	(1,036,205)	(38,286)
	Unrealised gains on forward foreign exchange contracts	180	310
	Other income	3,234	3,967
	Total change in fair value of financial assets	**(809,198)**	**115,582**

7 Derivative financial instruments

IFRS7p31

In order to mitigate the currency risk, the Group holds forward foreign exchange contracts. The notional principal amounts of the outstanding forward foreign currency contracts at 31 December 2009 were €61,280 (2008 €32,116).

(All amounts in euro thousands unless otherwise stated)

8 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity of less than 90 days:

7p45

	2009	2008
Cash at bank	17,093	64,040

9 Financial assets at fair value through profit or loss[1]

IFRS7p6, IFRS7p8(a), IFRS7p7, IFRS7p34, 1Rp77, 1Rp112(c)

	2009				2008			
Description	**% of ownership**	**No. of shares/ face value**	**Cost**	**Fair value**	**% of ownership**	**No. of shares/ face value**	**Cost**	**Fair value**
Belgium								
A limited								
Shares	15	41,000	33,717	40,353	10	36,000	7,963	18,088
Loan notes		14,500	14,500	15,093		6,150	6,150	6,765
Total Belgium			**48,217**	**55,446**			**14,113**	**24,853**
France								
BB Limited								
Ordinary shares	31 (Note (a))	2,500	27,068	14,492	23 (Note (a))	1,220	450	582
CC Limited								
Shares	15 (Note (a))	3,300	12,620	15,857	11 (Note (a))	2,500	74,454	88,011
B Limited								
Shares	3	25,220	14,250	55,446	5	44,200	30,610	37,724
Shareholder loans		51,250	51,250	54,235		14,500	14,500	16,899
Total			**65,500**	**109,681**			**45,110**	**54,623**
Total France			**105,188**	**140,030**			**120,014**	**143,216**
Germany								
C limited								
Shares	3	660	15,540	40,804	7	14,000	24,100	37,487
Loan notes		27,900	27,900	30,015		10,010	10,010	10,695
Total			**43,440**	**70,819**			**34,110**	**48,182**
D limited								
Shares	5	44,000	53,177	53,277	6	46,000	57,316	56,180
Loan notes		91,622	91,622	91,522		41,200	41,200	42,336
Total			**144,799**	**144,799**			**98,516**	**98,516**
Total Germany			**188,239**	**215,618**			**132,626**	**146,698**
Ireland								
E Limited								
Shares	14	21,000	3,115	10,094	16	22,110	3,320	16,868
Loan notes		29,000	29,000	31,119		10,890	10,890	11,172
Total			**32,115**	**41,213**			**14,210**	**28,040**

[1] The presentation of a portfolio statement is not required under IFRS. The information can be presented in a different way (for example, on an aggregated level by class) as per the circumstances of the Partnership. Further, IFRS does not require disclosure of the cost or percentage of ownership of the portfolio companies.

(All amounts in euro thousands unless otherwise stated)

IFRS7p6, IFRS7p8(a), IFRS7p7, IFRS7p34, 1Rp77, 1Rp112(c)

	2009				2008			
Description	**% of ownership**	**No. of shares/ face value**	**Cost**	**Fair value**	**% of ownership**	**No. of shares/ face value**	**Cost**	**Fair value**
F limited								
Shares	11	12,000	5,890	5,890	18	28,150	34,461	34,007
Loan notes		65,338	65,338	65,338		14,000	14,000	14,453
Total			**71,228**	**71,228**			**48,461**	**48,460**
Total Ireland			**103,343**	**112,441**			**62,671**	**76,500**
Italy								
G limited								
Shares	14	4,340	6,156	30,877	16	6,560	59,287	27,870
Loan notes		58,000	58,000	61,530				
Total Italy			**64,156**	**92,407**			**59,287**	**27,870**
UK								
H Limited								
Shares	2	1,180	3,600	15,479	4	2,210	4,310	10,531
Loan notes		11,000	14,510	14,980		7,000	9,800	10,192
Total			**18,110**	**30,459**			**14,110**	**20,723**
I Limited								
A ordinary shares	10	2,180	3,496	25,191	18	3,200	5,600	27,139
Loan notes		16,500	22,154	30,459		7,200	9,500	10,723
Total			**25,650**	**55,650**			**15,100**	**37,862**
Total UK			**43,760**	**86,109**			**29,210**	**58,585**
US								
J Limited								
Shares	33 (Note (b))	6,333	7,382	8,863	25 (Note (b))	4,300	2,300	5,287
Loan notes		2,800	4,828	6,250		1,800	3,100	3,699
Total			**12,210**	**15,113**			**5,400**	**8,986**
K Limited								
Shares		–	–	–	10	100	1,000	1,432
Total US			**12,210**	**15,113**			**6,400**	**10,418**
Total investments			**565,113**	**717,164**			**424,321**	**488,140**
Forward foreign exchange contract (Note 7)				110				70
Unfunded capital commitments to investee companies			–	–			–	–
Total			**565,113**	**717,274**			**424,321**	**488,210**

28p37(f) Note (a): Investments with board seats are deemed to be associates but are accounted for as financial assets at fair value through profit or loss, with the application of the scope exclusion in IAS 28. For the year ended 31 December 2009, there were no restrictions on the ability of BB Limited and CC to transfers funds to the Group in the form of cash dividends, or repayment of loans or advances.

Note (b): Investments without board seats are accounted for as financial assets at fair value through profit or loss, as the Group does not have significant influence.

(All amounts in euro thousands unless otherwise stated)

10 Borrowings

	2009	2008
Drawdown on loan facility	16,849	33,164
Borrowing on BB Limited	20,000	–
Borrowings as at 31 December	**36,849**	**33,164**

IFRS7p31

The Partnership obtained a €50 million loan facility from DEF Bank in February 2008. The loan facility expires in December 2010. As at 31 December 2009, the loan facility has been drawn down to €16.849 million (2008: €33.164 million). The agreed interest rate is LIBOR +5 basis points.

IFRS7p14

As at 31 December 2009, the Group had borrowings of €20,000 to finance the purchase of the additional Ordinary Shares of BB Limited, which are borrowed through the Group's wholly owned subsidiary holding its investment in BB Limited, without recourse to the Partnership.

IFRS7p29(a)

As at 31 December 2009, the fair values of the drawdown on the loan facility and the borrowings were €16,959 and €14,492 respectively (2008: €33,500 and € nil).

IFRS7p18

Note

Disclosures on borrowings should include details of collateral pledged and financial covenants, details of any defaults during the period of principal, interest, sinking fund, or redemption terms of those loans payable, the carrying amount of the loans payable in default at the reporting date, aNd whether the default was remedied or the terms of the loans payable were renegotiated before the financial statements were authorised for issue.

11 Carried interest

	2009	2008
Carried interest as at 1 January	7,100	11,883
Carried interest paid	–	(5,678)
Carried interest clawback	(10,526)	–
Increase in carried interest charged	–	895
Carried interest as at 31 December	**(3,426)**	**7,100**

The General Partner is entitled to receive a share of the realised profits of the Group. The Group recognises a financial liability based on the unrealised fair value of its assets at the balance sheet date. As explained in Note 2.10, carried interest payable is accrued on those investments on which performance conditions measured at the balance sheet date would be achieved if the investments were realised at fair values. Carried interest is equal to the hypothetical share of profits, taking into account the cash already distributed from the Group and amount of divestment proceeds receivable. Carried interest is paid when the performance conditions are met. If applicable, carried interest is credited back to the income statement for any hypothetical claw back of previously paid carried interest, if the investments were realised at their fair values.

(All amounts in euro thousands unless otherwise stated)

12 Net assets attributable to partners[1]

1Rp79, 1Rp80, 1Rp134, 1Rp135

The table below gives details about the partners' capital.

	General Partner	Limited Partners	Total
2009			
Committed capital	30,000	1,470,000	1,500,000
Cumulative capital contributions	22,200	1,087,800	1,110,000
Cumulative capital repayments•	(15,165)	(743,086)	(758,251)
Cumulative net capital contributions	7,035	344,714	351,749
Cumulative net unrealised gains	3,050	149,430	152,480
Cumulative net realised gains	6,010	294,513	300,523
Cumulative other net expense	(24,231)	(82,638)	(106,869)
Total net assets attributable to partners	**(8,136)**	**706,019**	**697,883**

• €312,345 of capital repayments is recallable.

	General Partner	Limited Partners	Total
2008			
Committed capital	30,000	1,470,000	1,500,000
Cumulative capital contributions	19,356	948,420	967,776
Cumulative capital repayments•	(14,161)	(693,903)	(708,064)
Cumulative net capital contributions	5,195	254,517	259,712
Cumulative net unrealised gains	1,278	62,611	63,889
Cumulative net realised gains	4,035	197,701	201,736
Cumulative other net expenses	(291)	(14,179)	(14,470)
Total net assets attributable to partners	**10,217**	**500,650**	**510,867**

• € 214,200 of capital repayments is recallable.

13 Net assets attributable to the partners (recognising non-recourse within legal structure)

Where the Group leverages investments, borrowings are carried at amortised cost by the Group. Where contractual arrangements and/or the use of SPEs give lenders of such borrowings no recourse to the assets of the Partnership, and the borrowings are of an amount more than the fair value of the assets leveraged, there maybe a difference between the net assets attributable to the partners disclosed on the consolidated statement of financial position and net assets that would be distributed in accordance with the LPA in a theoretical liquidation scenario (due to the assumption that the SPE would be liquidated for € nil instead of for its negative net assets).

As disclosed in Notes 10 and 9 respectively, the borrowings on BB Limited are €20,000, while the fair value of the investment in BB Limited is €14,492. Due to the lenders having no recourse to the assets of the Partnership, the General Partner has assessed that the fair value of the borrowing is the amount of collateral to which the lenders have recourse (that is, €14,492), and the adjustment between net assets attributable to partners under IFRS and the net assets attributable to partners recognising the non-recourse nature of lending under the legal structure of the Group is €5,508.

[1] IFRS does not require management to disclose these details. However, it is best practice to give this information.

14 Related parties

24p17, 24p22

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

ABC General Partner Limited, the General Partner, is a related party of the Group, being responsible for the financial and operating decisions of the Group. The General Partner has no holding company.

The General Partner is entitled to receive a management fee equal to 1.5 % of the aggregate of commitments, reduced to the extent that the General Partner or any respective related party are in receipt of any fees related to the Group's activities. After the investment period expiry date (five years since the date of establishment of the Group), the management fee will be reduced to 2% of aggregate acquisition cost of investments as determined at the investment period expiry date, as reduced by the acquisition cost of investments that have been realised or permanently written off at the beginning of the relevant accounting period. For its services as General Partner, ABC General Partner Limited received a management fee of €24,816 (2008: €24,816). The balance due to the General Partner as at 31 December 2009 is nil (2008: nil).

The carried interest due to the General Partner is disclosed in Note 11. There was no carried interest paid to the General Partner in 2009 (2008: €5,678). As at 31 December 2009, the General Partner had a payable balance of €3,426 to the Limited Partners (2008: a receivable balance of €7,100 from the Limited Partners).

A director of the General Partner, ABC General Partner Limited, is also the board member and a shareholder of JKL Limited. Affiliates of JKL Limited provide ongoing administrative services and tax advice to the Group. For the year ended 31 December 2009, €230 (2008: €155) was charged. The balance due to the JKL Limited as at 31 December 2009 is nil (2008: nil).

As disclosed in Note 9, BB Limited and CC Limited are associates of the Group and are therefore related parties. There were no transactions between the Group and BB Limited or CC Limited other than the transactions in the shares of BB Limited and CC Limited to unconnected third parties.

15 Subsequent events

10p21

On 13 January 2010, equity securities of C Limited were listed on the Country A Stock Exchange. The carrying amount as at 31 December 2009 was €62 per share. The offering price that was achieved at the IPO when selling the shares to new investors amounted to €43 per share. ABC Private Equity LP sold 30% of its holding on the first day of listing. The remaining stake in C Limited is subject to a lock-up period of 24 months.

PricewaterhouseCoopers

Independent auditor's report

PricewaterhouseCoopers
Address
Country
Telephone:
Facsimile:

To the partners of ABC Private Equity LP

Report on the financial statements

We have audited the consolidated financial statements of ABC Private Equity LP (the 'Partnership') and its subsidiaries (together the 'Group') which comprise the consolidated statement of financial position as of 31 December 2009 and the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to partners and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view[1] of the financial position of group as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Report on other legal and regulatory requirements

[Form and content of this section of the auditor's report will vary depending on the nature of the auditor's other reporting responsibilities, if any.]

Signature
Date
Address

The format of the audit report will need to be tailored to reflect the legal framework of particular countries. In certain countries, the audit report covers both the current year and the comparative year.

[1] The term 'give a true and fair view' can be changed to 'present fairly, in all material aspects'.

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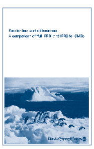

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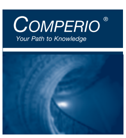

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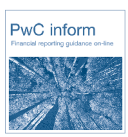

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