

Investment manager



New Star Private Equity Investment Trust PLC

Interim report

for the six months ended 30 June 2007

COMPANY OBJECTIVE

New Star Private Equity Investment Trust PLC's ("NSPEIT" or the "Company") objective is to produce capital gains through exposure to private equity investment in a diversified portfolio of private equity funds.

The Company was named August Equity Trust plc until 2 July 2007. These interim accounts cover the six months ended 30 June 2007 when the Company had the objective to invest in unquoted companies with a view to realising substantial capital gains.

SUMMARY

for the six months ended 30 June 2007

Shareholders' funds at 30 June 2007 were £93.5 million

Net asset value per share increased by 4.4% in the six months ended 30 June 2007 (330.4 pence to 345.1 pence)

Share price increased by 8.2% in the six months ended 30 June 2007 (286.5 pence to 310.0 pence)

Four follow-on investments of £6.8 million

Total realisations generating proceeds of £8.1 million, including five full realisations

Reconstruction completed 2 July 2007

FINANCIAL RESULTS

for the six months ended 30 June 2007

Net asset value per share	345.1p
Share price as at 30 June 2007	310.0p

PERFORMANCE

	30 June 2007	31 December 2006	% change
Total net assets	£93,451,249	£89,476,271	4.4%
Total shares in issue	27,079,500	27,079,500	–
Net asset value per share	345.1p	330.4p	4.4%
Share price	310.0p	286.5p	8.2%
FTSE All-Share Index	3,404.14	3,221.42	5.7%

CHAIRMAN'S STATEMENT

These accounts cover the six months ended 30 June 2007, just prior to the completion of the reconstruction of the Company (detailed below).

INVESTMENT REVIEW AND HALF YEAR RESULTS

During the period 1 January 2007 to 30 June 2007 the net asset value per share increased from 330.4 pence to 345.1 pence, an increase of 4.4 per cent. The capital return was a gain of 17.7 pence per share for the six month period compared to 27.5 pence per share for the six months ended 30 June 2006. The revenue return was 2.2 pence compared to 2.2 pence per share for the comparable period in 2006.

DIVIDENDS

As stated in the prospectus published in connection with the reconstruction, the Company will only pay dividends to the extent necessary to maintain investment trust status. Therefore, to the extent there is net income in any accounting period, the Directors intend to declare dividends such that no more than 15 per cent. of the Company's income for the accounting period is retained. Such dividends will be declared in March following the financial year ended December and paid in May.

COMPANY RECONSTRUCTION

The Directors wrote to shareholders in May 2007 setting out a number of proposals which were implemented on 2 July 2007.

The Company has now entered a new phase and the Board wishes to thank the team at August Equity LLP ("AEL") for their management of the Company over the last six years and welcomes New Star Asset Management Limited as Manager. The Board also wishes to welcome shareholders who previously held Rutland Trust plc shares, and under its reconstruction, received shares in the Company.

Following the reconstruction:

- the Company's investment policy is to produce capital gains through exposure to private equity investments in a diversified portfolio of private equity funds and investment companies;
- the Company has an interest in The Rutland Fund I;
- New Star Asset Management Limited acts as Manager of the Company;

CHAIRMAN'S STATEMENT

continued

- the Company is named New Star Private Equity Investment Trust PLC;
- John Duffield, Chairman of New Star Asset Management Limited, is a Director of the Company and Ravi Anand, a director of New Star Asset Management Limited, has been appointed as an alternate director to John Duffield;
- the Company's registered office is 1 Knightsbridge Green, London SW1X 7NE;
- the Company has a loan and overdraft facility of £30 million; and
- the Company's shares trade under the code "NSPE".

As the reconstruction was completed after the period under review, the information in these interim accounts does not reflect the Company's investment strategy going forward. To assist shareholders, the portfolio information shown on pages 6, 8 and 9 reflects the position after the completion of the reconstruction at the latest practicable date.

INITIAL PORTFOLIO

The initial net assets of the Company following the reconstruction were approximately £68.7 million. Based on their valuation at 29 June 2007, the initial assets comprised:

	£m
August Equity Partners I ("AEP I") and other funds managed by AEL	24.2
The Rutland Fund I ("Rutland")	24.5
Parallel Ventures 2006 LP ("Parallel")	17.0
Other limited partnerships and direct investments	2.0
Cash and other net assets	1.0
	<hr/>
	68.7
	<hr/> <hr/>

In addition to remaining commitments to AEP I, Rutland and Parallel, the Company has also entered into a £30 million commitment to August Equity Partners II ("AEP II") and a commitment to Rutland Fund II of £10 million.

SUBSEQUENT EVENTS

Following the reconstruction, the Manager has deployed surplus cash and utilised borrowing facilities to invest in listed private equity investment companies and to meet the Company's drawdown commitments.

CHAIRMAN'S STATEMENT

continued

Late June through to early August has also been exceptionally active for the Company's portfolio. In this period realisations have totalled £19.0 million and commitments of £10.8 million were drawn.

Investments

In July 2007 your Company invested, via AEP I, £5.9 million in Lifeways Community Care Limited ("Lifeways"). Lifeways is a market leading provider of supported living for people with complex needs and the only provider offering nationwide coverage. Lifeways offers specialist care to over 900 people with challenging needs, including autism, psychiatric or learning disabilities and acquired brain injuries, in their own home or a community setting.

Your Company also invested, via AEP II, £3.0 million in 4Projects Holdings Limited, the UK's market leading provider of project collaboration software with a particular strength in the architecture, engineering and construction sectors.

Rutland Fund II has drawn £1.4 million to acquire Pulse Home Products Limited (conditional on shareholder approval), a leading provider of branded goods to the UK home products market and Attends Healthcare Group, a healthcare product manufacturer.

Realisations

In late June 2007, Parallel announced that Tuja, a temporary employment agency, had been sold for a consideration of approximately 3.7 times the original investment in March 2006. This uplift was included in the Company's net asset value at 30 June 2007. In addition, in early August, Parallel announced the sale of Marken, a pharmaceutical trial logistics company, at a consideration (including previous proceeds) of 2.5 times the original cost. Final proceeds to the Company of approximately £2.5 million will be received, compared to a valuation at 29 June 2007 of £0.7 million.

In late June 2007, Rutland Partners LLP announced the disposal by one of Rutland's holdings, Wolstenholme, of its metallic pigment and ink business. Out of the proceeds to the Company of approximately £8.0 million, £3.1 million is expected to be received in the last quarter of 2007, following the receipt of relevant clearances from German and UK competition authorities, and the balance over the next 18 months. In August 2007, Rutland announced the sale of Svensk Pantbelaning ("SP"), a Swedish pawnbroker acquired in September 2004, providing the Company with proceeds of approximately £2.5 million.

CHAIRMAN'S STATEMENT

continued

On 20 August 2007, the Company agreed to sell 50 per cent. of its limited partnership interests in AEP I for a consideration of £15.4 million with immediate settlement. This represents a premium to the book value of the interests at 29 June 2007 together with an adjustment for subsequent cash flows and the sale resulted in an enhancement of 2.5 per cent. to the Company's net asset value at 29 June 2007. The remaining interests in AEP I continue to be held at their 29 June 2007 book value. The sale price demonstrates the considerable growth potential within AEP I's portfolio, which the Company will continue to benefit from through its remaining interest. The sale also allows the Company to employ the proceeds to diversify the portfolio.

The Board is pleased that the Company has successfully completed the reconstruction and with the level of subsequent activity. The Company currently has close to 50 underlying portfolio companies which have the potential for considerable upside over the coming months.

Following the completion of all the above transactions, the estimated net asset value* at 3 August 2007 is 363.0 pence per share, being a 5.2 per cent. increase in the net asset value per share at 30 June 2007 and the Company's portfolio would comprise:

	Valuations*
	£m
AEP I	15.9
AEP II	3.0
Rutland	22.1
Rutland Fund II	1.4
Parallel	9.2
Other limited partnerships and direct investments	2.3
Listed investments	3.8
Cash and other net assets	14.1
	<hr/>
	71.8
	<hr/> <hr/>

* based on valuations of unquoted investments at 29 June 2007 adjusted for subsequent cashflows, expected sale proceeds on Tuja, Marken and SP and the sale of 50% of the limited partnership interest in AEP I.

CHAIRMAN'S STATEMENT

continued

The Manager is reviewing a number of investment opportunities to deploy the cash from realisations with the intention of diversifying the Company's exposure to different private equity managers and maintaining a fully invested and over committed portfolio.

The Company's focus on Pan-European mid-market private equity provides exposure to good quality companies which can grow without the need to employ excessive leverage. In addition, short term volatility could provide the opportunity for our underlying managers to acquire such companies on reasonable valuations.

As a result, we remain positive about the prospects of the Company for the remainder of the year.

J D Mackie CBE

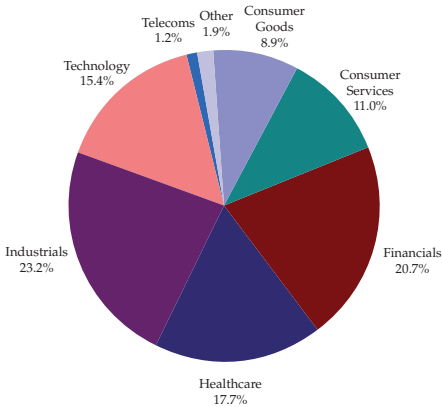
Chairman

21 August 2007

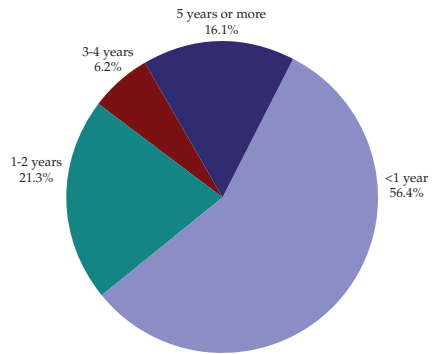
UNQUOTED INVESTMENTS PORTFOLIO ANALYSIS

As the Company's investment policy and portfolio changed following the completion of the reconstruction on 2 July and to provide more meaningful information to shareholders, the information below is presented as at 3 August 2007.*

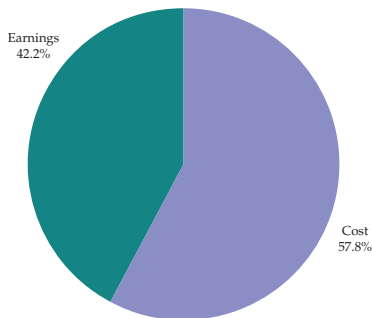
LOOK THROUGH BY SECTOR



LIMITED PARTNERSHIPS BY VINTAGE



VALUATION BASIS



* based on valuations of unquoted investments at 29 June 2007 adjusted for subsequent cashflows, expected sale proceeds on Tuja, Marken and SP and the sale of 50% of the limited partnership interest in AEP I.

TOP TEN 'LOOK THROUGH' INVESTMENTS

Company	Industry	Valuation £'000	% of NAV
			at 3 August 2007 ⁺ %
Notemachine	Financials	9,675	13.5
Wolstenholme	Industrials	7,948	11.1
Healthcare Homes Group	Healthcare	3,428	4.8
4Projects Holdings	Technology	3,024	4.2
Lifeways Community Care	Healthcare	2,964	4.1
Planit Holdings	Technology	2,855	4.0
Boat International Media	Consumer services	2,649	3.7
The Music Group	Consumer goods	1,996	2.8
Advantage	Healthcare	1,777	2.5
Rollford Group	Consumer goods	1,513	2.1

⁺ based on valuations of unquoted investments at 29 June 2007 adjusted for subsequent cashflows, expected sale proceeds on Tuja, Marken and SP and the sale of 50% of the limited partnership interest in AEP I.

PORTFOLIO ACTIVITY

for the six months ended 30 June 2007

August Equity LLP acted as the Company's Investment Manager until 2 July 2007. This report covers the six months ended 30 June 2007. The Company maintains exposure to AEL as a limited partner in AEP I and AEP II.

During the six months ended 30 June 2007 there were four follow-on investments totalling £6.8 million, including a further £0.2 million investment in Healthcare Homes Group via AEP I. The Company increased its investment in Parallel Private Equity 2006 Limited Partnership by £4.8 million. The Company invested a further £1.5 million in the Logic Group.

There were five full realisations in the period under review generating proceeds of £6.1 million and three partial redemptions generating proceeds of £2.0 million. The investment in InterMed Holdings was sold in May 2007 to a US specialist healthcare investor and your Company's share of the total proceeds was £3.4 million. This gave a return on the investment, including income, of 2.2 times the original investment cost. The investment in RedSky IT was sold in January 2007 to Explorer Software Total Systems Inc. for proceeds of £1.5 million. Three smaller investments were realised for £1.2 million. In June 2007 a refinancing of Imagine Publishing, an investment held through AEP I, generated proceeds of £1.3 million.

No new investments were completed during the period under review.

There has been significant progress in realising older investments in the unquoted portfolio. As a result the portfolio at 30 June 2007 comprised eleven investments, of which four were held directly, six through AEP I and one through KB Fund III.

The unquoted investment portfolio is valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines which require that investments are carried at their fair value.

In June 2007 the quoted investment portfolio, comprising eight gilt holdings was realised in order to provide the Company with the cash required to meet the tender offer on 3 July 2007 and to be able to acquire the assets of Rutland Trust plc. As a result the cash balance at 30 June was £50.3 million pending these transactions.

INCOME STATEMENT

for the six months ended 30 June 2007

	Six months ended 30 June 2007			Six months ended 30 June 2006			Twelve months ended 31 December 2006		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Gains on investments held at fair value through profit or loss	-	4,802,532	4,802,532	-	7,519,628	7,519,628	-	11,523,995	11,523,995
Income	1,589,581	-	1,589,581	1,479,515	-	1,479,515	3,919,520	-	3,919,520
Investment management fee	(504,993)	-	(504,993)	(460,216)	-	(460,216)	(927,654)	-	(927,654)
Administration expenses	(114,567)	-	(114,567)	(119,902)	-	(119,902)	(468,485)	-	(468,485)
Return on ordinary activities before taxation	970,021	4,802,532	5,772,553	899,397	7,519,628	8,419,025	2,523,381	11,523,995	14,047,376
Taxation	(375,901)	-	(375,901)	(294,124)	-	(294,124)	(741,362)	-	(741,362)
Return on ordinary activities after taxation	594,120	4,802,532	5,396,652	605,273	7,519,628	8,124,901	1,782,019	11,523,995	13,306,014
Return per share (based on average number of shares in issue during the period)	2.2p	17.7p	19.9p	2.2p	27.5p	29.7p	6.5p	42.2p	48.7p
Number of shares in issue at the period end	27,079,500		27,389,500		27,079,500				
Average number of shares during the period	27,079,500		27,389,500		27,312,897				

NEW STAR PRIVATE EQUITY INVESTMENT TRUST PLC

BALANCE SHEET

at 30 June 2007

	30 June 2007 £	30 June 2006 £	31 December 2006 £
FIXED ASSETS			
Investments	43,233,086	83,231,870	84,423,977
CURRENT ASSETS			
Debtors	762,778	691,867	1,611,861
Cash at bank	50,292,980	1,926,238	4,195,454
	<u>51,055,758</u>	<u>2,618,105</u>	<u>5,807,315</u>
CREDITORS			
Amounts falling due within one year	(837,595)	(473,398)	(755,021)
NET ASSETS	<u>93,451,249</u>	<u>85,376,577</u>	<u>89,476,271</u>
CAPITAL AND RESERVES			
Called-up share capital	1,353,975	1,369,475	1,353,975
Share premium account	5,145,492	5,145,492	5,145,492
Capital redemption reserve	158,025	142,525	158,025
CAPITAL RESERVES			
Realised	63,298,517	73,242,831	70,886,887
Unrealised	21,661,787	3,786,572	9,270,885
	<u>84,960,304</u>	<u>77,029,403</u>	<u>80,157,772</u>
Revenue reserve	1,833,453	1,689,682	2,661,007
SHAREHOLDERS' FUNDS	<u>93,451,249</u>	<u>85,376,577</u>	<u>89,476,271</u>
NET ASSET VALUE PER SHARE	345.1p	311.7p	330.4p

CASH FLOW STATEMENT

for the six months ended 30 June 2007

	30 June 2007 £	30 June 2006 £	31 December 2006 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	2,066,124	634,143	1,175,779
TAXATION			
Tax paid	-	-	(3,260)
FINANCIAL INVESTMENT			
Purchase of listed fixed asset investments	-	(15,714,550)	(21,708,093)
Purchase of unlisted fixed asset investments	(6,770,047)	(15,083,642)	(29,245,158)
	<u>(6,770,047)</u>	<u>(30,798,192)</u>	<u>(50,953,251)</u>
Disposal of listed fixed asset investments	44,162,646	9,923,649	15,128,800
Disposal of unlisted fixed asset investments	8,060,478	22,129,425	39,891,592
	<u>52,223,124</u>	<u>32,053,074</u>	<u>55,020,392</u>
NET CASH INFLOW FROM FINANCIAL INVESTMENTS	45,453,077	1,254,882	4,067,141
EQUITY DIVIDENDS PAID	(1,421,674)	(2,328,107)	(2,533,528)
NET CASH INFLOW BEFORE FINANCING	46,097,527	(439,082)	2,706,132
FINANCING			
Purchase of shares for cancellation	-	-	(875,998)
INCREASE/(DECREASE) IN CASH	<u><u>46,097,527</u></u>	<u><u>(439,082)</u></u>	<u><u>1,830,134</u></u>

This interim statement and the annual report and accounts for the year ended 31 December 2006 are presented in accordance with the Statement of Recommended Practice: "Financial Statements of Investment Trust Companies" which was revised in December 2005.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Called-up share capital £	Share premium account £	Capital redemption reserve £	Realised capital reserve £	Unrealised capital reserve £	Revenue reserve £	Share- holders' funds £
Balance at 1 January 2007	1,353,975	5,145,492	158,025	70,886,887	9,270,885	2,661,007	89,476,271
Net loss on listed investments	-	-	-	(1,297,754)	-	-	(1,297,754)
Net gain on unlisted investments	-	-	-	(336,543)	-	-	(336,543)
Transfer on disposal of investments	-	-	-	(5,954,074)	5,954,074	-	-
Increase in unrealised appreciation on unlisted investments	-	-	-	-	6,436,829	-	6,436,829
Dividends paid	-	-	-	-	-	(1,421,674)	(1,421,674)
Revenue attributable to shareholders	-	-	-	-	-	594,120	594,120
Share buy-backs	-	-	-	-	-	-	-
Balance at 30 June 2007	<u>1,353,975</u>	<u>5,145,492</u>	<u>158,025</u>	<u>63,298,516</u>	<u>21,661,788</u>	<u>1,833,453</u>	<u>93,451,249</u>

	Called-up share capital £	Share premium account £	Capital redemption reserve £	Realised capital reserve £	Unrealised capital reserve £	Revenue reserve £	Share- holders' funds £
Balance at 1 January 2006	1,369,475	5,145,492	142,525	62,800,526	6,709,249	3,412,516	79,579,783
Net loss on listed investments	-	-	-	(141,013)	-	-	(141,013)
Net gain on unlisted investments	-	-	-	8,080,946	-	-	8,080,946
Transfer on disposal of investments	-	-	-	2,502,372	(2,502,372)	-	-
Decrease in unrealised appreciation on unlisted investments	-	-	-	-	(895,200)	-	(895,200)
Increase in unrealised appreciation on unlisted investments	-	-	-	-	474,895	-	474,895
Dividends paid	-	-	-	-	-	(2,328,107)	(2,328,107)
Revenue attributable to shareholders	-	-	-	-	-	605,273	605,273
Balance at 30 June 2006	<u>1,369,475</u>	<u>5,145,492</u>	<u>142,525</u>	<u>73,242,831</u>	<u>3,786,572</u>	<u>1,689,682</u>	<u>85,376,577</u>

SHAREHOLDER INFORMATION

SHARE PRICE AND NET ASSET VALUE INFORMATION

The Company's ordinary shares of five pence are traded on the London Stock Exchange.

The Company's share price is listed in The Daily Telegraph, Financial Times and The Times under the Investment Companies Section.

The Company releases its net asset value monthly with unquoted investments revalued at quarterly or six monthly intervals.

The Company's shares may be purchased through a stockbroker, share dealing service or high street bank share service. The Company does not offer its own share dealing service, share savings scheme or ISA scheme.

SEDOL 03095531

ISIN GB0030955313

Ordinary shares in issue at 2 July 2007 19,782,212

FINANCIAL CALENDAR

Year end – 31 December

Annual results announced – March

Interim results announced – August

DIRECTORS AND ADVISERS

DIRECTORS

John D Mackie CBE (Chairman)

Ravi Anand†

Terry M Connor

Barry M Dean

John L Duffield*

Ian J Orrock

INVESTMENT MANAGER AND REGISTERED OFFICE*

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investments/closed-endfunds.com

COMPANY SECRETARY

Until 31 August 2007:

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Limited

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London EC2R 6PA

From 1 September 2007:

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London SW1X 7NE

Tel: 020 7225 9200

SOLICITORS

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*With effect from 2 July 2007

†Appointed an Alternate Director to John Duffield

INDEPENDENT AUDITORS

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Capita Registrars

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ADMINISTRATOR*

HSBC Securities Services (UK) Limited

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London E14 5HQ

The Company is a member of the Association of Investment Companies in the Private Equity Category

Registered in England and Wales: 159836