COMPANY NO. 2147984

PANTHEON INTERNATIONAL PARTICIPATIONS PLC

REPORT & ACCOUNTS 2000

28/11/00 - 84

INVESTMENT OBJECTIVE

The primary investment objective of the Company is to maximise capital growth by investing in funds specialising in unquoted investments, acquiring unquoted portfolios and participating directly in private placements.

	30 June 2000	30 June 1999	% Change
Total Assets (£000's)	161,327	145,789	+45.0*
Net Asset Value Per Share (diluted)	599.9p	405.6p	+47.9
Return Per Share	251.9p	44.6p	+464.8
Market Price Per Share	457.5p	302.5p	+51.2
Market Price Per Warrant	212.5p	86.0p	+147.1
Discount To Net Asset Value	23.7%	25.4%	

*Includes adjustment for £50 million returned to shareholders

THE ROLE OF THE COMPANY

The Company is the longest-established, private equity fund of funds investor quoted on the London Stock Exchange. It enables both individuals and institutions to gain access to a substantial portfolio of unquoted companies in the USA, UK, Continental Europe and Asia, within funds managed by experienced private equity managers.

Private equity markets are attracting increased interest and allocations from large institutional investors. The Company's role is to provide access to those markets both for smaller institutions and individuals who cannot participate directly, and to allow larger institutions to access the markets through a quoted vehicle. For an explanation of the private equity process please see page 24.

Current Investment Policy

Within its stated primary investment objective, the Company invests both by subscribing to new funds and as secondary interests.

As an adjunct to this activity the Company may occasionally acquire direct holdings in unquoted companies, usually where a vendor is seeking to sell a combined portfolio of funds and direct holdings.

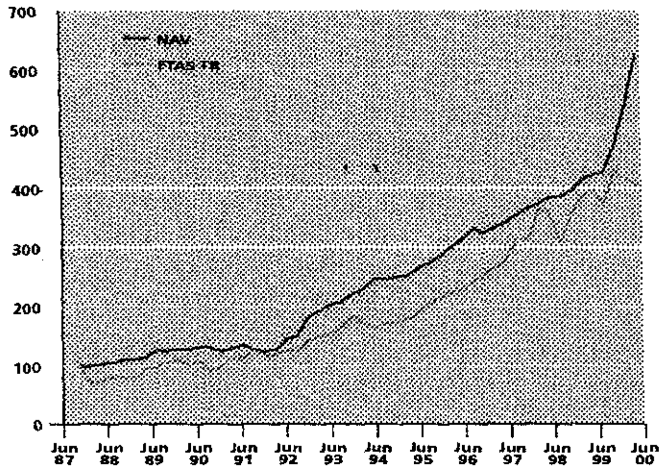
The Company's investment policy also extends to investing directly in companies where there is a private equity manager, well known to the Company, investing on the same terms.

HISTORICAL RECORD

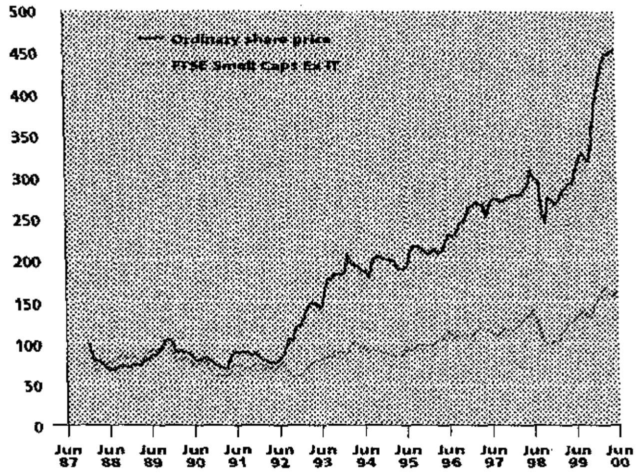
The graphs below show the movement in the Company's share price and Net Asset Value (NAV) per share since inception. The Company's NAV per share is compared to the FT All-Share Total Return Index.

The Company's share price is compared to the FTSE Small Cap ex Investment Companies Index because it is felt that this represents the best comparison for the Company.

PIP NAV per share since inception to 30 June 2000



PIP Share Price since inception to 30 June 2000



SUMMARY OF RESULTS

Year ended 30 June	Total assets less current liabilities (£000's)	Net asset value per share (pence)	Dividends and other distributions per share (pence)	Middle market price per share (pence)
1988	12,361	102.5	1.0	75.0
1989	35,316	120.9	2.0	95.0
1990	39,323	126.7	2.5	80.5
1991	40,690	129.1	2.5	86.5
1992	33,849	139.7	2.5	93.5
1993	38,341	195.5	0.5	172.5
1994	60,397	239.6	0.5	176.5
1995	86,918	255.1	2.3	207.5
1996	106,234	302.5	2.0	225.0
1997	116,782	328.4	0.0	270.0
1998	131,322	368.6	0.0	294.5
1999	145,789	405.6	2.0	302.5
2000	161,327*	599.9	149.3*	457.5

*£30 million returned to shareholders during the year

The year under review has been one of great change and achievement for the Company and its shareholders. I am pleased to report that the Net Asset Value of the Company grew by 48%, from 405.6 pence per share to 599.9 pence per share. The total return per share was 251.9 pence. It should be noted that, whilst total assets increased to £161.3 million, a further £50 million was also returned to shareholders during the year.

Results

The performance of the portfolio during the year was very strong. The private equity portfolio showed gains of over 70% of its opening value, whilst realised gains totalled over £28 million. The Company's returns from primary fund investments have exceeded 37.4% per annum in the USA, reflecting the exceptional returns that US venture fund managers have achieved on technology and Internet investing. However, the portfolio is broadly diversified and is not subject to the same level of risk as pure technology portfolios.

Reorganisation

The Company completed a major capital reorganisation in May 2000, in the creation of a new, flexible capital structure of Ordinary Shares and Participating Loan Notes (PLNs).

This structure, together with commitments from institutions to subscribe for over £31 million of further PLNs in the future, allowed the Board to return £50 million of surplus cash to shareholders.

The reorganisation was carried out to improve net asset growth. Since inception, it has been necessary to keep a significant proportion of the Company's assets as cash in order to meet the outstanding commitments as they fall due. This has reduced the growth of net assets, because the return earned on this cash has been significantly less than that from the private equity investments. The new structure will allow the Company to be more efficient and will reduce the difference between the growth in net assets per share (17% per annum) and the return on private equity investments (29%) since the Company's formation in 1987.

Market Commentary & Outlook

The private equity market continues to grow with little impairment of the significant out-performance of other asset classes. The flexibility of the Company's new capital structure will enable the Company to benefit by supporting the very best private equity managers, as well as exploiting any rationalisation caused by over-optimistic investors through the secondary markets. A portfolio foundation which is laid by a strategic new fund programme, properly diversified by geography, stage of funding and sector, will provide low volatility and a firm base for institutions' or individuals' exposure to the private equity markets. The Company will benefit greatly from its relationship with the new $418 million Pantheon Global Secondary Fund, which is described in more detail on page 19.

S T A T E M E N T

Activities

The Company has been active in both primary and secondary investing during the year. The Company has been making commitments to new funds since 1994, achieving a return of 27.5%. Accordingly the Board has agreed a strategic new fund programme for global private equity amounting to £75 million per annum over the next three years.

The increase in the size of the programme means that the Company will now make investments directly in private equity funds in the USA and Europe, rather than through fund of funds vehicles, managed by Pantheon Ventures, as in the past. However, investment in the Asian region will continue to be through these vehicles because of the limited size of this element of the programme.

A total of £36.1 million of secondary purchases, including outstanding commitments, were completed during the year. This includes one substantial portfolio purchase.

The rate of distributions from the Company's investments has continued to grow, reaching £59.8 million in the year – almost double that in the previous year.

Post Balance Sheet Event

I am also pleased to report that, after the year-end, the Company was able to complete the purchase of a portfolio of 15 funds for a cost of £23.1 million, which was acquired for additional PLNs issued to the vendors. This deal demonstrates the increased flexibility available to the Company following the capital reorganisation.

Dividend

The Board has recommended a final dividend of 2.0p per share, payable on 30 November 2000 to holders of shares on 27 October 2000. Subject to approval of this dividend by shareholders, an interest payment of 2.0p per PLN will be paid on 30 November 2000 to holders of PLNs on the register at close of business on the record date. The final dividend is being paid to meet investment trust regulations; the Company's aim remains capital growth and shareholders should not expect regular dividends.

The Board

Alain Lefebvre, having reached the age of 70, will be retiring from the Board at the AGM. He has been a member of the Board since the Company was formed in 1987 and I would like to thank him for his wise counsel and valued contribution.

The Board has appointed Richard Crowder as a director and he will seek appointment at the AGM. He has been involved with the investment and private equity industries for many years, and he brings this valuable experience to the existing strengths of the Board.

Annual Meeting & Presentation

The Annual General Meeting of the Company will take place at 12.00 noon on 23 November 2000 at Chatham House. Afterwards, the Board has arranged a presentation to explain the progress of the Company in more detail. The Directors and the management team look forward to meeting you informally after the meeting. Please see the enclosed invitation for full details.

L. G. Stopford Sackville
Chairman
26 September 2000

"...a year of great change and achievement."

KEY FACTS ABOUT THE REORGANISATION

The Company completed a major capital reorganisation in May 2000, in the creation of a new, flexible capital structure of Ordinary Shares and Participating Loan Notes (PLNs).

- Pantheon International Participations PLC was launched in September 1987 with initial net assets of £12 million. Since then, total annualised returns to shareholders have been approximately 17%.

- Before the reorganisation, a significant proportion of the Company's portfolio was represented by cash because of the realisation or maturation of a number of investments and the relatively long period of time required to reinvest the proceeds appropriately. This 'cash drag' has adversely affected the Company's performance.

- The reorganisation was intended to allow the Directors greater flexibility in managing the cash position of the Company, and involved three main elements:

  - returning to shareholders £50 million of cash not required by the Company, by cancelling 2,946 out of every 10,000 shares;

  - altering the Company's capital structure by making a bonus issue of £31,929,046 of PLNs, at an issue price of 512.96p each, to shareholders pro rata to their holdings of shares following the return of cash. These PLNs may be redeemed by the Company at its discretion;

  - obtaining commitments from certain shareholders and institutional investors to subscribe for additional PLNs in the future as and when required to fund future investments.

- The redemption value of the PLNs track the fully diluted NAV of the shares, subject to a one percent discount. The first redemption will take place on 14 August 2001.

- Future PLNs may be issued once a quarter at the then prevailing redemption value.

- The PLNs are listed on the London Stock Exchange and Noteholders are entitled to be paid interest equivalent to the dividends (if any) paid on the ordinary shares.

- Immediately after the reorganisation, the Company's capital structure was in the ratio of 74 shares to 26 PLNs.

- The Warrant terms were amended so that a holder of 100 Warrants will have the right to subscribe for 74 shares and 26 PLNs rather than 100 shares.

- The Directors believe that the reorganisation will benefit shareholders as it will enable the Company to better manage the cash component of its assets. Warrantholders should benefit indirectly from the reorganisation, in reflection of these benefits to shareholders.

- For an analysis of the personal tax effects of the reorganisation see page 52.

TRANSACTION HISTORY

The following table summarises the investment activity of the Company since inception. For the investments made in each year, the table shows the original cost, proceeds generated, current value and the annualised rate of return. The return is calculated as an internal rate of return (IRR) in line with normal practice for the private equity asset class.

Year Ended 30 June	Description	Original Cost (£m)	Realisation Proceeds (£m)	Value at 30.6.00 (£m)	IRR %
1991 and before	8 portfolios of secondary interests 4 individual secondary interests 1 direct secondary investment	25.8	62.6	4.9	24.6%
1992	1 fund of funds investment	2.4	4.1	0.2	19.1%
1993	1 fund of funds investment 3 individual secondary interests	3.7	4.9	0.4	8.5%
1994	4 portfolios of secondary interests 2 fund of funds investments	24.0	45.0	7.6	69.8%
1995	1 portfolio of secondary interests 2 individual secondary interests 8 new fund commitments	5.8	6.2	5.4	24.3%
1996	3 portfolios of secondary interests 6 individual secondary interests 5 new fund commitments 2 fund of funds commitments	32.1	39.9	22.7	41.2%
1997	6 portfolios of secondary interests 7 individual secondary interests 7 new fund commitments 2 fund of funds commitments	56.2	56.4	37.5	28.5%
1998	2 portfolios of secondary interests 3 individual secondary interests 4 new fund commitments 1 fund of funds commitment	19.0	13.1	14.2	34.6%
1999	2 individual secondary interests 2 new fund commitments	5.1	1.0	6.0	34.3%
	Sub-total	**174.1**	**233.2**	**98.9**	**28.3%**
2000	2 portfolios of secondary interests 2 individual secondary interests 15 new fund commitments 1 new fund co-investment	43.1	6.6	47.6	Too Early
	Total	**217.2**	**239.8**	**146.5**	**28.7%**

MARKET ENVIRONMENT

Overview

The private equity industry continues to expand rapidly, capitalising on high returns from venture and technology investments in the USA and from buyout transactions of a scale that would have been inconceivable only a few years ago.

Continuing Growth

Against this backdrop of high returns, commitments to private equity have grown steadily, with $133 billion of new money committed in 1999, approximately the same as in 1998. This reflects increasing global acceptance of private equity as an alternative asset class by institutional investors. A recent report [1] on alternative investing states that in 1999 the largest pension funds and endowments in the USA increased their allocation to 7.3% of total assets. This is forecast to grow to 8.0% in 2001. Private equity forms a significant part of this allocation. In Europe the average allocation of institutions to private equity reached 2.5% of total assets in 1999 and is expected to increase to 2.9% in 2001.

The exceptionally high returns from venture capital (early stage and technology investment) in the USA have led to a rapid acceleration of fund raising. Some $48 billion was raised for US venture investment during 1999 – over a three-fold increase compared with 1998 – almost reaching parity with buyout fund raising.

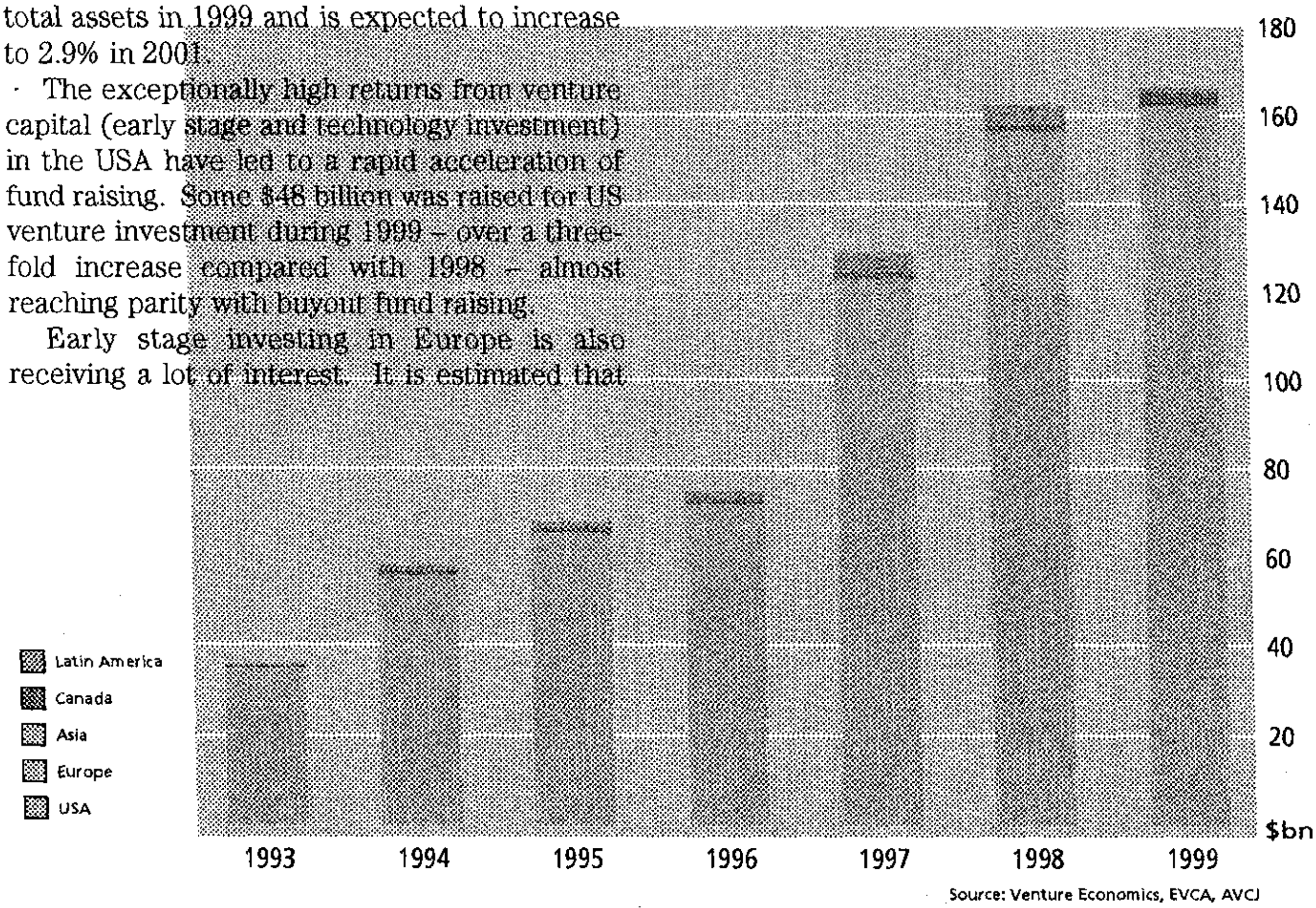
Early stage investing in Europe is also receiving a lot of interest. It is estimated that $10 billion was raised in the last year for markets which are much less mature and where managers have much less experience than in the USA.

With the current positive economic environment, buyouts in both the USA and Europe continue to perform solidly with a steady increase in value underpinning the growth of multi-billion dollar funds.

Global Commitments to Private Equity

The USA continues to dominate the private equity market, attracting over 70% of the money committed over the last three years (see graph below). The level of European fund-raising has remained fairly constant for the last three years, but there are signs that the first six months of 2000 have seen a significant increase in commitments in both the USA and Europe.

[1] 1999 Goldman Sachs & Co. and Frank Russell Report on Alternative Investing.



Source: Venture Economics, EVCA, AVCJ

MARKET ENVIRONMENT

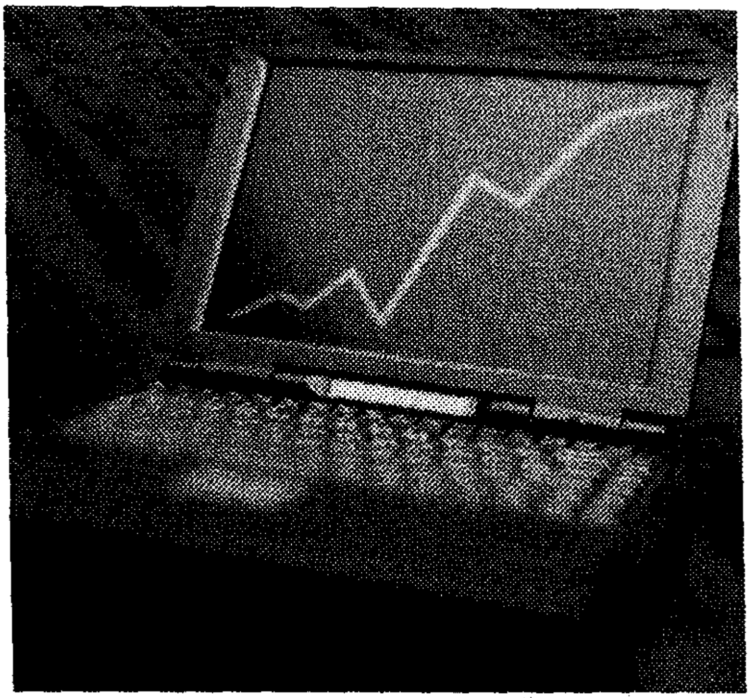
Old Economy – New Optimism

"Old economy" companies have continued to languish on stock markets with a wide divergence of values among market sectors. However, old-fashioned strengths such as turnover, profits and assets are providing attractive opportunities for the buyout industry at relatively inexpensive prices. In Europe, particularly, this is fuelling an increase in both the number of mid-market companies being taken private, and the sell-off of peripheral assets as major corporations reshape their business. A key driving factor in this is the restructuring of Europe's major companies. Businesses that have historically been protected in their regions are now developing a more pan-European approach, reacting to the growth of free trade and sector consolidation, thereby reshaping the European markets.

New Economy – Evolving Marketplace

Long-term private equity investment thrives when financial returns are based on value creation. Today, this means building businesses through strategic growth on a regional or even global basis. There is nothing traditional about the private equity market; it is constantly evolving, and the 'new economy' presents a new level of investment opportunities.

The boundaries between different stages and types of investment activity are blurring and a number of major buyout groups are raising their own Internet funds or striking alliances with venture capitalists. A key issue for the whole industry is the extent to which the 'new economy' can be harnessed to create improved opportunities in traditional activities.



PANTHEON

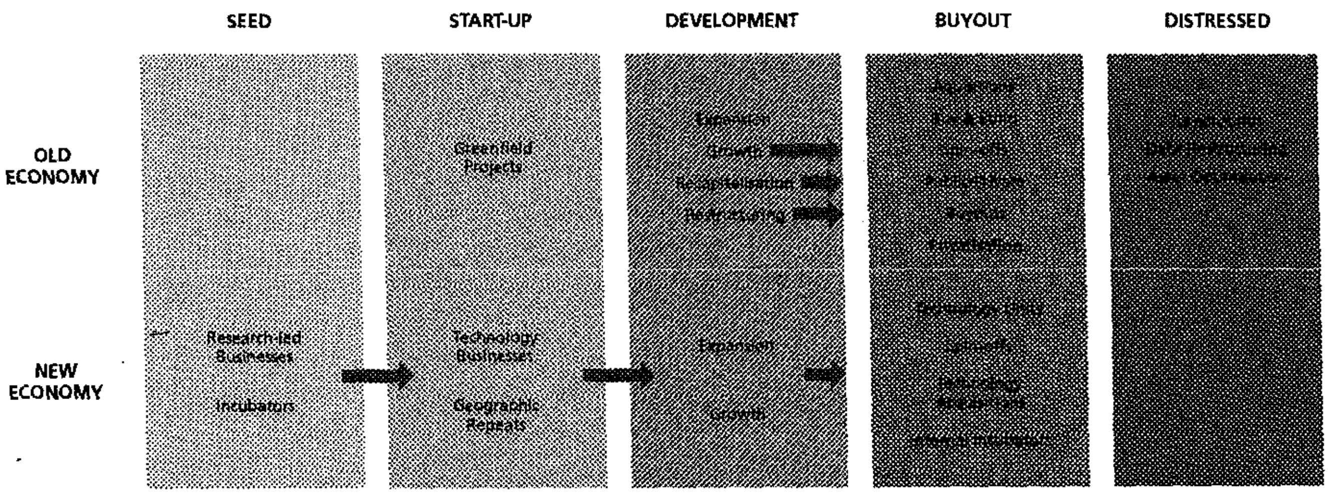
MARKET ENVIRONMENT

Building Value in the Technology Age

As the private equity market continues to evolve, it is unsurprising that the focus of early-stage investing has now moved on from business and consumer-related Internet start-ups to companies where true value is being built and there are more sustainable business models. These include Internet-enabling technologies, telecommunications and other areas of technology convergence.

For later-stage investment, one of the most promising areas for sustained growth is the integration of physical and online assets, as companies seek to integrate their Internet and traditional strategies to create more rapid growth and value.

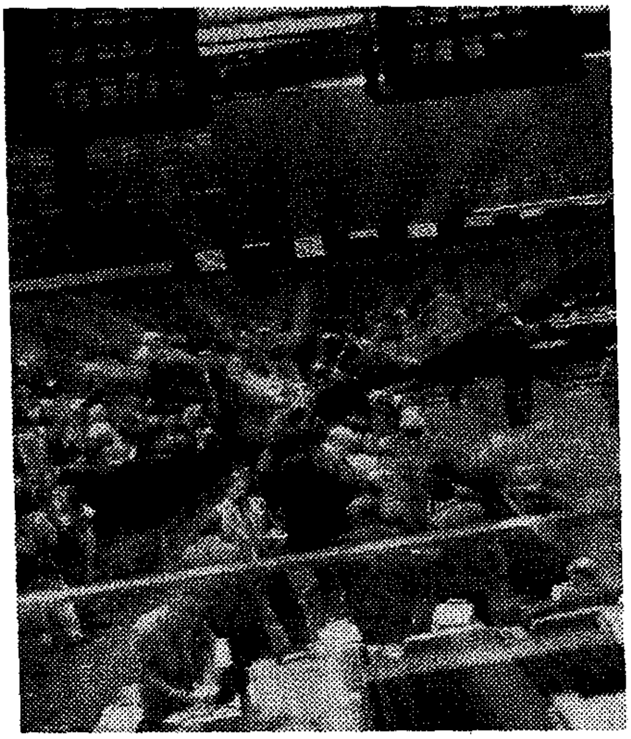
The diagram below compares the stages of investment for both 'old' and 'new economy' private equity investment. The later stages have much in common.



Outlook for Secondary Markets

Commitments to private equity in the last three years have risen to $365 billion, compared with $160 billion in the preceding three year period, as investors have increased their allocation to the asset class. This scaling-up of the industry is expected to lead to a corresponding increase in the size of the secondary market.

In the last year, significant activity in corporate mergers and acquisitions, particularly among financial institutions, has resulted in several large portfolios of private equity funds changing hands in the secondary market. This may indicate a beginning of the scaling-up of the secondary industry.



THE PORTFOLIO

The table below summarises the cost and value of the current portfolio by investment type and geographical area.

Investment Portfolio (30 June 2000)	Number of Investments	Original Cost £m	Distributions £m	Value £m	Value %
USA					
US private equity funds	74	80.9	97.5	74.4	
US unquoted companies	11	10.8	3.1	9.5	
US quoted companies	3	2.0	2.2	3.0	
	88	93.7	102.8	86.9	57.9%
Europe					
UK private equity funds	35	47.1	34.3	30.5	
Continental European PE funds	28	29.0	28.2	17.0	
Continental European unquoted companies	3	3.1	1.1	2.2	
UK quoted company	1	1.5	1.7	0.0	
	67	80.7	65.3	49.7	33.1%
Other regions					
Japanese private equity funds	5	2.9	3.3	2.9	
Other Asian private equity funds	4	5.8	0.9	5.5	
Latin American private equity fund	1	1.5	0.1	1.5	
	10	10.2	4.3	9.9	6.6%
Total investment portfolio	165	184.6	172.4	146.5	97.6%
UK fixed interest	2	2.1	–	2.1	
US fixed interest	–	–	–	–	
Euro fixed interest	2	1.4	–	1.5	
Total fixed interest	4	3.5	–	3.6	2.4%
Total fixed asset investments	169	188.1	172.4	150.1	100.0%

In the 13 years since the Company's formation it has invested £217.2 million in 270 private equity investments, including 83 that are now fully realised. Further analysis of the portfolio can be found under Transaction History on page 9.

By investing in a portfolio of private equity funds the Company has indirect participations in more than 2,100 businesses, ranging from early-stage Internet technology companies to large global operations. These companies are based in more than 46 countries and are diversified by market and sector. This approach of investing in independent private equity fund of funds, together with the mix of primary and secondary investments, differentiates the Company from other investment trusts; it is an approach adopted by Pantheon Ventures for other significant institutional clients that invest in private equity on their own account.

THE PORTFOLIO

Portfolio Strategy

The Company's strategy is to make commitments to new funds managed by top-tier private equity fund managers, whilst at the same time pursuing the purchase of secondary interests. The table below sets out the split of the Company's activities between the two areas since inception.

The Company has adopted a strategy of making commitments to selected new funds and fund of funds vehicles. The current programme is for £75 million of new commitments per annum. This has resulted in a weighting of approximately 50% of the Company's net assets to primary investments at 30 June 2000.

The new fund programme enables the Company to make strategic investments, thereby achieving a balanced portfolio, and to continue investing the cash returned by investments when suitable secondary investments are not available.

The Company's core activity has traditionally been the acquisition of secondary interests. However, the market for secondary interests is cyclical and there are times when over-pricing and poor supply can lead the Company to be less active in the market. These investments are, by their nature, opportunistic and it is therefore difficult or impossible to achieve a balanced portfolio using secondary interests alone.

	Commitments £m	Outstanding Commitments £m	Cost £m	Distributions £m	Value at 30.6.00	IRR %
Primary Investments	140.7	71.5	69.2	37.7	74.8	27.5%
Secondary Purchases	153.9	5.9	148.0	202.1	71.7	28.9%

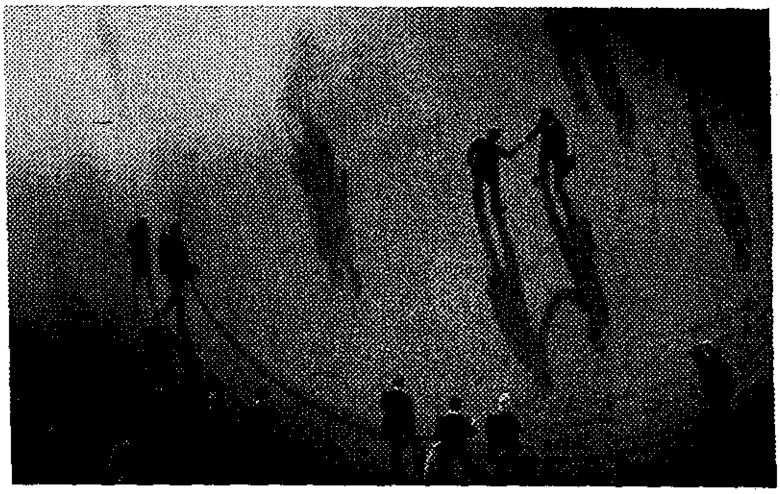
Hedging

The Board has agreed strategic geographical allocations that the Manager has recommended as appropriate at this time. These weightings may change over the medium term as private equity markets outside the USA mature and develop. These geographic weightings give rise to currency weightings as set out here. It is the Company's policy to maintain currency exposure within these weighting ranges by holding surplus cash in these currencies and, if necessary, adopting hedging positions where assets and commitments fall temporarily outside these ranges. There has been no hedging activity during the year and there are no open contracts at the year-end.

	Upper %	Lower %
USA - US Dollars	60	50
United Kingdom - Sterling	30	20
Continental Europe - Euro	30	15
Asia - Yen	5	0

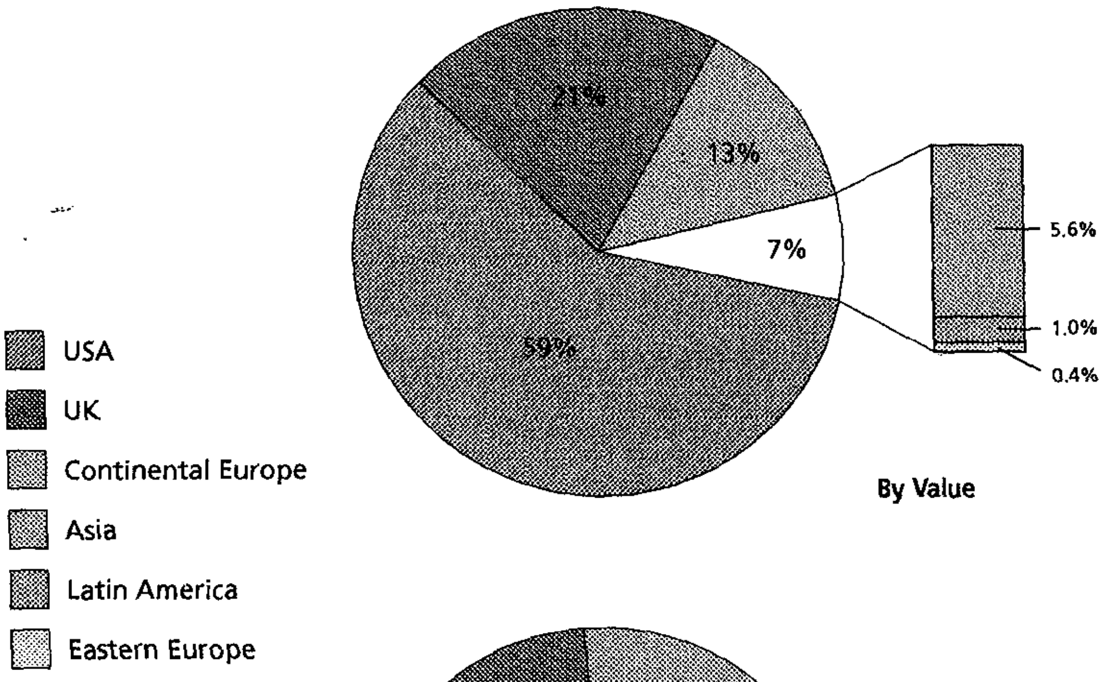
THE PORTFOLIO

Geographical analysis

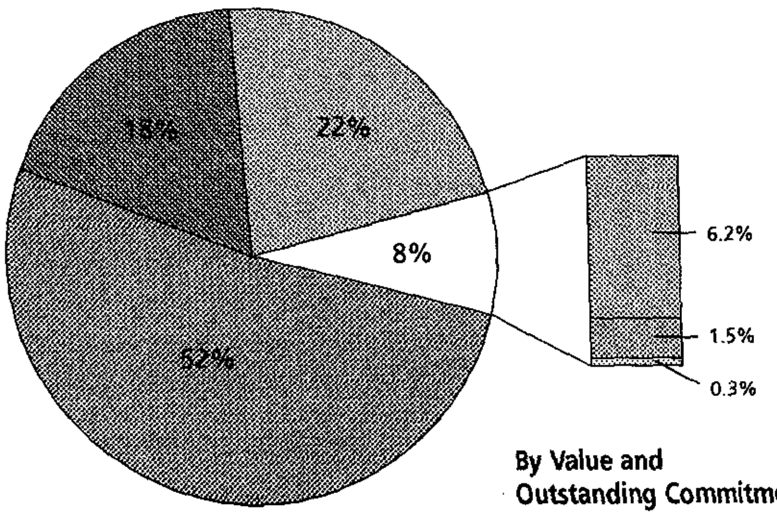


The Company's portfolio contains a broad geographical spread of investments, ensuring that the Company is not excessively exposed to the economic cycles of any one market. The pie charts below depict the geographical diversification of the Company's private equity investments by value, and by the sum of value and outstanding commitments.

The USA remains the largest market for private equity investment and thus accounts for 59% of the portfolio by value at 30 June 2000. However, the growing importance of other regions is reflected by the allocation including outstanding commitments.



By Value



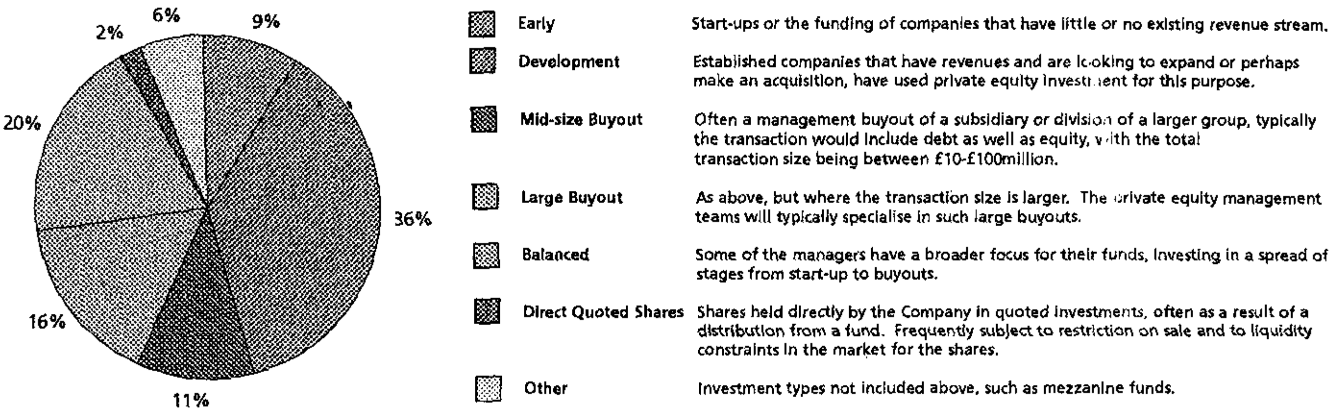
By Value and Outstanding Commitments

THE PORTFOLIO

Stage Analysis

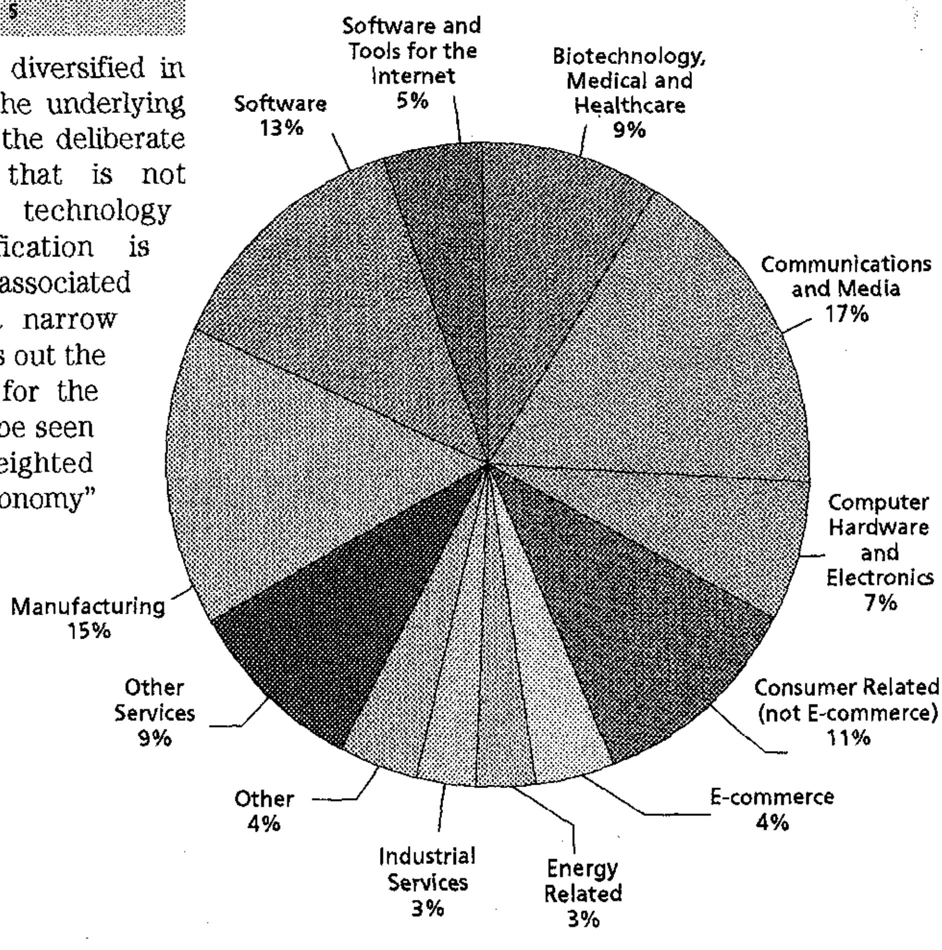
Private equity encompasses a range of investments from seed capital to management buyouts of large groups. The following chart categorises the value of the Company's investments by stage, based upon the type of finance normally provided by the private equity funds to the underlying companies.

The preponderance of development capital (also known as expansion capital) has arisen because many of the secondary interests acquired by the Company are classified broadly in this way. The Company has been able to increase its weighting to both mid-size and large buyouts by subscription to new funds.



Sector Analysis

The investment portfolio is well diversified in terms of the sectors in which the underlying companies operate – a result of the deliberate construction of a portfolio that is not concentrated merely on technology investments. This diversification is important in avoiding the pitfalls associated with long-term investing in a narrow portfolio. The chart opposite sets out the approximate sector weightings for the portfolio at 30 June 2000. It can be seen that the portfolio is weighted approximately 55% to "new economy" companies.

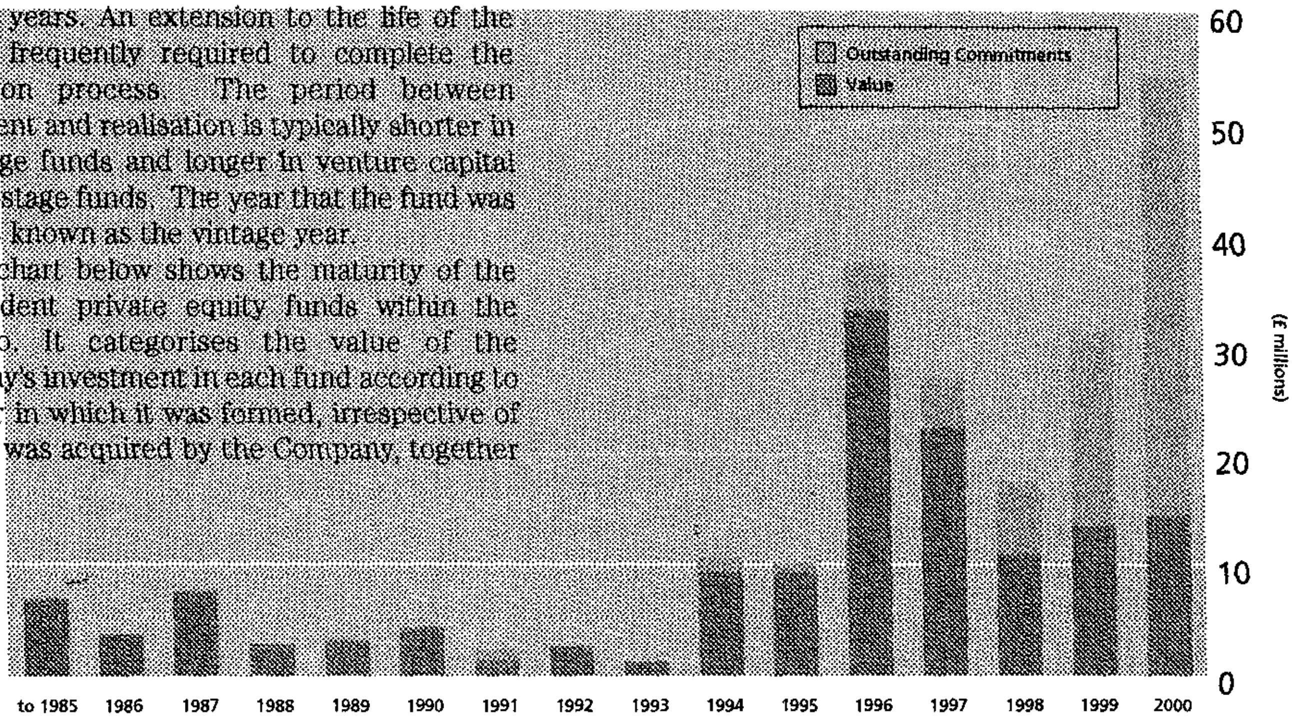


THE PORTFOLIO

Vintage Year Analysis

Private equity funds typically have a defined life of ten years. They make calls on the commitments made to them principally in the first three to five years, and generate a substantial portion of their realisations in the last few years. An extension to the life of the fund is frequently required to complete the realisation process. The period between investment and realisation is typically shorter in later-stage funds and longer in venture capital or early-stage funds. The year that the fund was raised is known as the vintage year.

The chart below shows the maturity of the independent private equity funds within the portfolio. It categorises the value of the Company's investment in each fund according to the year in which it was formed, irrespective of when it was acquired by the Company, together with the outstanding commitments to those funds. Uncommitted amounts within Pantheon fund of funds vehicles are excluded, as the vintage year of the funds to which these amounts are to be committed is not yet known.



This chart shows that the Company's portfolio is well diversified with respect to age of fund. Some funds are near the end of their term, with few remaining underlying companies to realise. Others are fully invested and in the process of achieving realisations. The more recent funds will be looking for investment opportunities, which will be drawn against the outstanding commitments. This diversification of fund vintages gives the Company exposure to investments being made and realised in different market cycles.

Summary

In summary, the portfolio is well diversified in geographical, stage and vintage year terms, and the underlying companies have a broad sector spread. This diversification helps to reduce the exposure of the portfolio to downturns in particular markets or sectors.

ACTIVITY DURING THE YEAR

The Company has had a record year for investment activity, committing some £93.1 million to new funds and secondary interests. Set against this has been a record year for distributions from funds, so that the Company has had a broadly neutral year in terms of investment.

	£m
Purchase of secondary interests	36.1
Commitments to new funds	57.0
Investment activity in the year	93.1
Less: amounts purchased but not paid for	(50.0)
Add: amounts paid out relating to previous commitments	16.1
Net investment in the year	59.2
Less: amounts received from investments	(59.8)
Investment inflow in the year	(0.6)

	Number	Commitments £m	Outstanding Commitments £m	Cost £m	Distributions £m	Value at 30.6.00 £m
Secondary Purchases	24	36.1	4.1	31.9	6.6	36.3
New Investments	16	57.0	45.9	11.2	0.0	11.3
	40	93.1	50.0	43.1	6.6	47.6

ACTIVITY DURING THE YEAR

Purchase of Secondary Interests

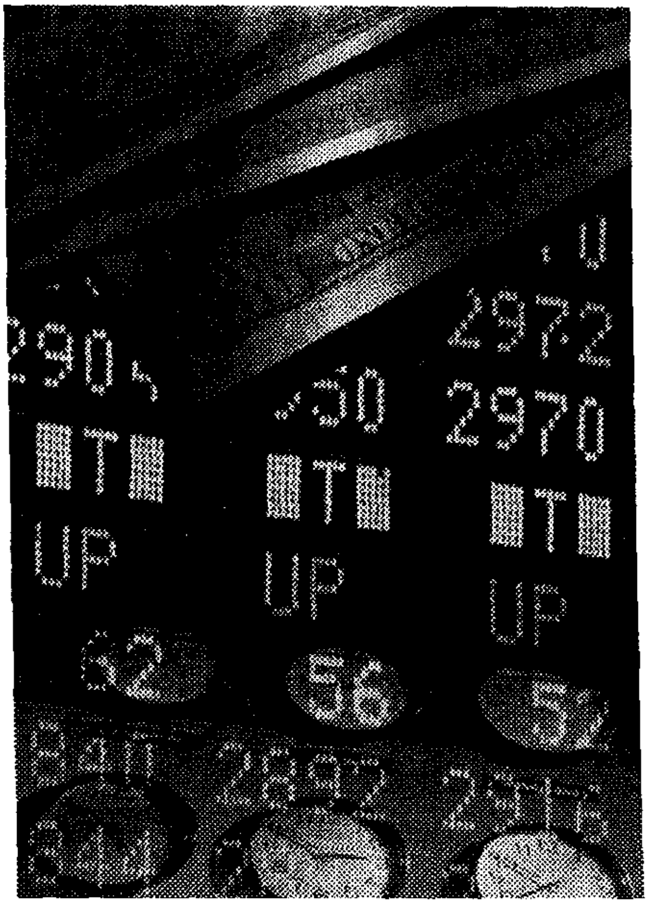
The market for secondary interests during the year was substantially more active than in the previous twelve months. The Company reviewed a number of potential transactions in detail, including several large portfolios. It was able to complete secondaries for a cost of £31.9 million during the period.

Description	Total Cost £m	Realisation Proceeds £m	Value at 30.6.00 £m
Portfolio of 20 US private equity funds	18.6	5.3	23.3
Portfolio of 2 European direct investments	2.2	0.1	2.1
European private equity fund	9.4	0.0	9.4
European private equity fund	1.7	1.2	1.5
Total	31.9	6.6	36.3

After 30 June 2000 the Company exchanged and completed on a further portfolio of secondary interests, on which the first phase, involving 15 funds, was completed for £21.3 million. The consideration was provided by the issue of 3.6 million PLNs at the June 2000 Adjusted Redemption Value. This form of transaction is an example of the increased flexibility that the new capital structure offers.

The Company has recently seen an increase in the number and size of secondary interests becoming available. Some of these are so large that the Company is unable to fund them directly. Accordingly the Manager, Pantheon Ventures Limited, has raised the $418m Pantheon Global Secondary Fund, (PGSF), for the purchase of portfolios of secondary interests. The Company has agreed terms to share such opportunities with PGSF on the basis that the company has the right to 50% of the value, including uncalled commitments, up to a maximum of $30 million and 25% of the value thereafter. The Fund will substantially improve the Company's ability to compete across the whole range of secondary opportunities.

The Company has invested over £153.9 million in secondary purchases since inception. These investments have realised £202.1 million, with £71.7 million in value remaining, producing an annualised return of 28.9%.



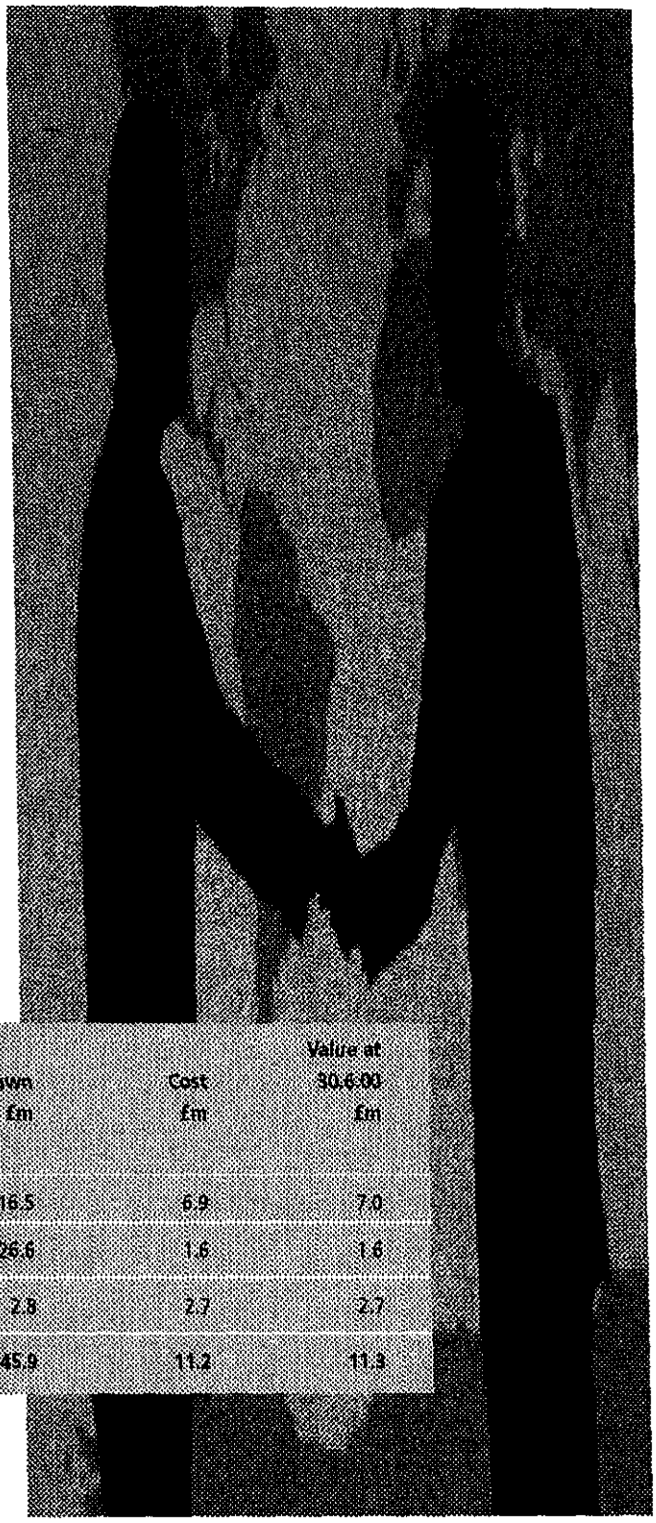
ACTIVITY DURING THE YEAR

New Investments

Since inception Pantheon International Participations PLC has committed £140.7 million to new fund investments, of which £69.2 million has been drawn down. The annualised return of the primary investment programme is currently running at 27.5%.

The Company made commitments of £57.0 million to primary investments, of which £53.7 million was to 15 new funds during the year and £3.3 million was to a co-investment in a US unquoted company, alongside a top-tier venture fund manager.

The Company is able to achieve a balanced portfolio through its primary investment strategy that would not be achievable through secondary investing alone. It is also able to allocate more money to the very best funds.



	Number	Commitments £m	Undrawn £m	Cost £m	Value at 30.6.00 £m
USA	8	23.3	16.5	6.9	7.0
Europe	6	28.2	26.6	1.6	1.6
UK	2	5.5	2.8	2.7	2.7
	16	57.0	45.9	11.2	11.3

PANTHEON

ACTIVITY DURING THE YEAR

Investment Vehicles Managed by the Pantheon Group

The Company has sought to implement its primary investment strategy partly through direct commitments to new funds and partly by investing in fund of funds vehicles and managed by Pantheon Ventures.

The Company has made commitments to specialist investment vehicles with a clearly defined investment strategy devised by the Manager, Pantheon Ventures Limited, and widely supported by its clients. These fund of funds vehicles, which are specifically tailored to the requirements of the Pantheon Group's clients, enable a pooling of resources. This provides both the commercial benefits of cost savings and access to investments which would not otherwise be available or appropriate in their entirety to the Company.

As a result of the increased size of the new fund programme, the Company is now making new fund investments directly in the USA and Europe, alongside Pantheon USA Fund IV and Pantheon Europe Fund II. However, investments in Asia will continue to be made through fund of funds vehicles because of the relatively small size of the strategic allocation to the region.

The Manager has waived investment management fees ordinarily payable by the Company in respect of these holdings and has given an undertaking that the Company will always be in a better overall position with regard to fees than if they had made the primary investments directly.

Total exposure to these vehicles at 30 June 2000 was as follows:

Fund Name	Year Raised	Committed £m	Uncalled Commitment £m	Original Cost £m	Distributions £m	Value at 30/06/00 £m	IRR %
Janus Participations	1990	1.8	0.0	1.8	1.8	0.2	3.5
Juno International Participations	1991	3.1	0.0	3.1	5.2	0.5	20.3
Pantheon USA Fund	1993	3.2	0.0	3.2	5.9	2.8	36.4
Pantheon Asia Fund	1994	3.1	0.3	2.8	0.6	2.6	4.1
Asia Direct	1996	1.3	0.6	0.7	0.0	0.7	1.0
Pantheon USA Fund II	1996	9.4	1.2	8.7	6.5	9.8	44.5
Pantheon Asia Fund II	1997	6.5	4.6	1.9	0.2	2.0	16.1
Pantheon Europe Fund	1997	8.4	3.0	5.5	1.4	6.0	25.5
Pantheon USA Fund III	1998	9.6	6.0	3.6	0.2	5.0	55.0
		46.4	**15.7**	**30.8**	**21.8**	**29.6**	**24.2**

The Company has benefited from a significant level of investment activity by these vehicles during the year. A total of $260.7 million has been committed by these fund of funds vehicles to 40 new funds, of which the Company's share is $12.8 million.

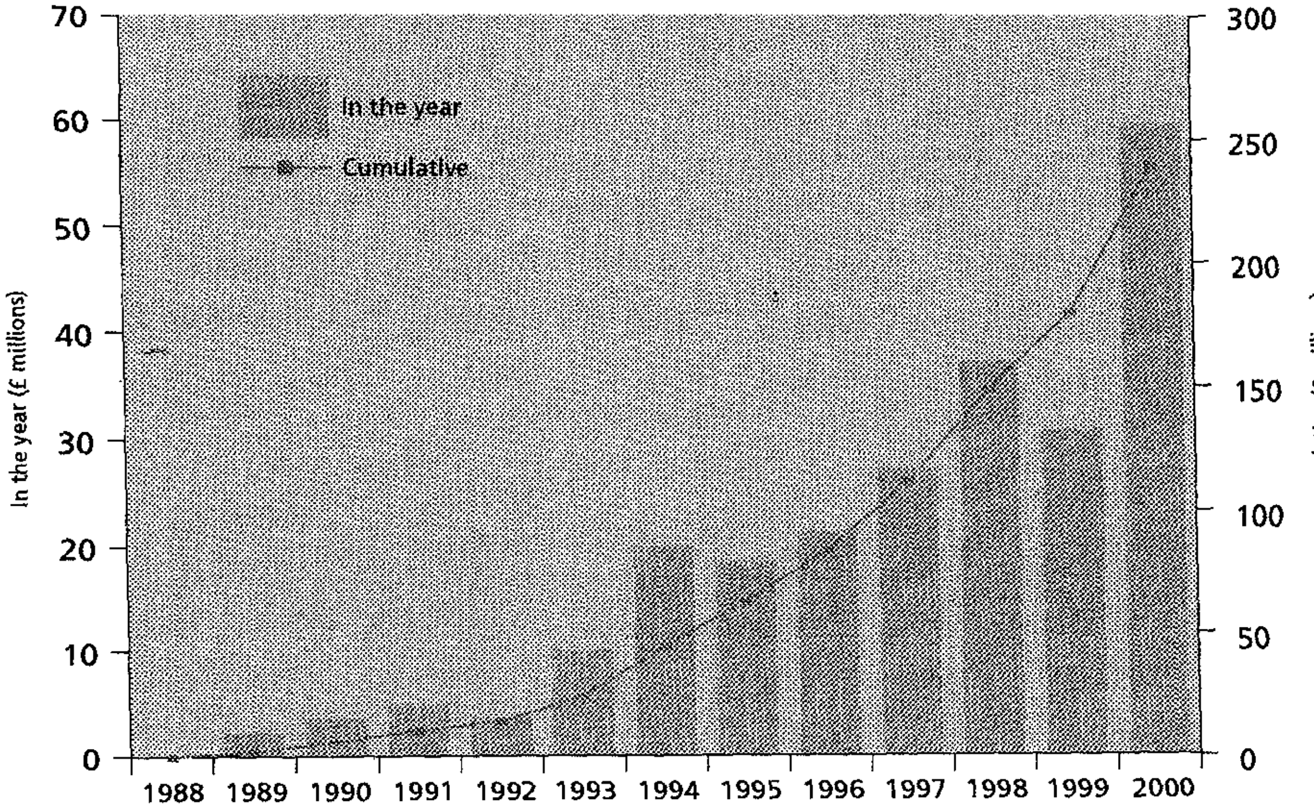
ACTIVITY DURING THE YEAR

Existing Investments

During the year the Company has met calls totalling £16.1 million from 29 existing investments, compared with £13.6 million in the previous year. This increase reflects the expanding new fund investment programme and the higher level of investment activity by private equity fund managers. In future years the amount drawn down will continue to rise as the effect of the increased new fund commitments becomes apparent.

Sales and Distributions

In the twelve months to 30 June 2000 the very high level of distributions seen in the previous two years continued, with £59.8 million being realised from investments. Over the last three years £127.8 million has been returned to the Company. The chart below sets out distributions in the year and cumulatively since inception.



The performance of the portfolio held at the start of the year demonstrates the conservative valuation of the assets. Of the distributions, £53.2 million arose from investments held at a value of £79.3 million at the beginning of the year. These assets were valued at the end of the year at £98.9 million, with another £16.1 million having been invested in these assets. Accordingly, the portfolio at the beginning of the year has shown realised and unrealised gains, including foreign exchange, of £56.7 million.

ACTIVITY DURING THE YEAR

Outstanding Commitments

At 30 June 2000 the Company had outstanding commitments to investments of £77.4 million, compared with £44.7 million at 30 June 1999. The higher commitment level is a consequence of the ongoing programme of new fund commitments and is forecast to continue increasing for the next few years. It should be noted that the portfolio generated excess cash of £22.5 million, before secondary purchases, during the year.

The Company also has a facility with The Royal Bank of Scotland PLC. This allows more of the Company's assets to be invested in private equity, whilst ensuring that the Company can meet calls on existing commitments as they fall due. The facility is not intended to provide the Company with long-term gearing.

PANTHEON

THE PRIVATE EQUITY PROCESS

Before the 1980s, institutional investment in private equity was very limited in the USA and virtually non-existent elsewhere. Since then, private equity has developed into a $500 billion international industry and become firmly established as an investment asset class in its own right.

Nowadays the vast majority of the financing for unquoted investment comes from institutions that, in search of enhanced investment performance, may allocate a limited proportion of their total assets to private equity. This diversification from their existing portfolios of fixed interest instruments and quoted equities is often made through dedicated private equity funds run by independent managers.

Characteristics of Independent Private Equity Funds

Each independent private equity fund is typically funded by a number of institutions and can take the form of a limited partnership, unit trust or limited company. These funds will then invest in unquoted companies using the expertise of a private equity management team to identify, monitor and realise the fund investments.

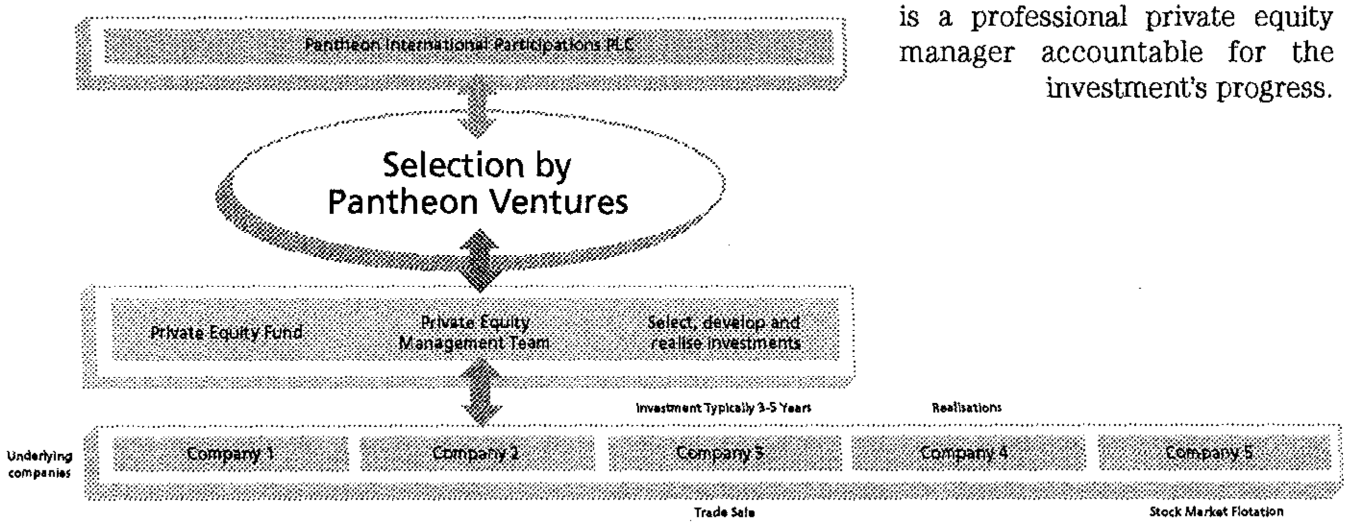
The independent private equity fund will normally have a fixed life of ten years, make perhaps 20 to 30 investments in total, and will have been constituted with a pre-agreed strategy and investment policy. Each investor's commitment is drawn down or called as investments are made and proceeds from realisations of these investments are distributed back to the investor. The bulk of such realisations are made typically between years six and ten.

A fund will often concentrate on one geographic area, such as the USA or the UK, and may have a preferred investment focus. It is normally the previous experience, industry expertise and commercial network of the management team that dictates the nature of the portfolio. The team will receive a proportion of the gains arising on the disposal of investments (their carried interest), which ensures that they are highly motivated to maximise the value of the underlying companies and thus the portfolio return.

Fund of Funds

A more broadly diversified portfolio can be achieved by making investment commitments to several independent private equity funds. Such a fund of funds approach can result in a portfolio that is more fully international, better diversified by stage and sector and, importantly, invested steadily across different economic cycles.

An investor can thus acquire an underlying portfolio of several hundred investments in unquoted companies across a wide range of industries where, in each case, there is a professional private equity manager accountable for the investment's progress.



THE PRIVATE EQUITY PROCESS

Secondary Interests in Private Equity Funds

Occasionally, perhaps following a change of investment strategy, private equity investors wish to sell their private equity fund holdings early rather than keep them until final realisation. The market for the disposal of these secondary interests normally operates through direct negotiation. The Company and the Pantheon Group are one of the longest-established purchasers of such interests.

Unquoted Valuation Policy

The valuation of the Company's investments in private equity funds is derived from the most recently available accounts, provided by their managers, which may be audited or unaudited. In the case of the valuation at 30 June 2000, the vast majority of these accounts are dated 31 March 2000 or 31 December 1999.

Private equity funds may occasionally contain a significant component of quoted shares, for example where the underlying company investments have been taken public but the holdings have not yet been sold. The Manager has reviewed the quoted market holdings at the date of the latest fund accounts and has considered the value of those holdings at 30 June 2000. As there has been a fall in the value, the Directors have, in accordance with normal practice, made appropriate adjustment to reflect this.

The Company may acquire secondary interests at either a premium or a discount to the fund manager's valuation. After their purchase these funds are normally immediately revalued within the portfolio of the Company back to their stated NAVs, irrespective of the purchase price, unless a provision against a specific investment is considered prudent. This policy is adopted to be consistent with the arm's-length valuation used by other investors.

THE MANAGER - PANTHEON VENTURES LIMITED

The Manager is part of an independent group dedicated to private equity investment, and specialising in making and managing investments in private equity funds worldwide.

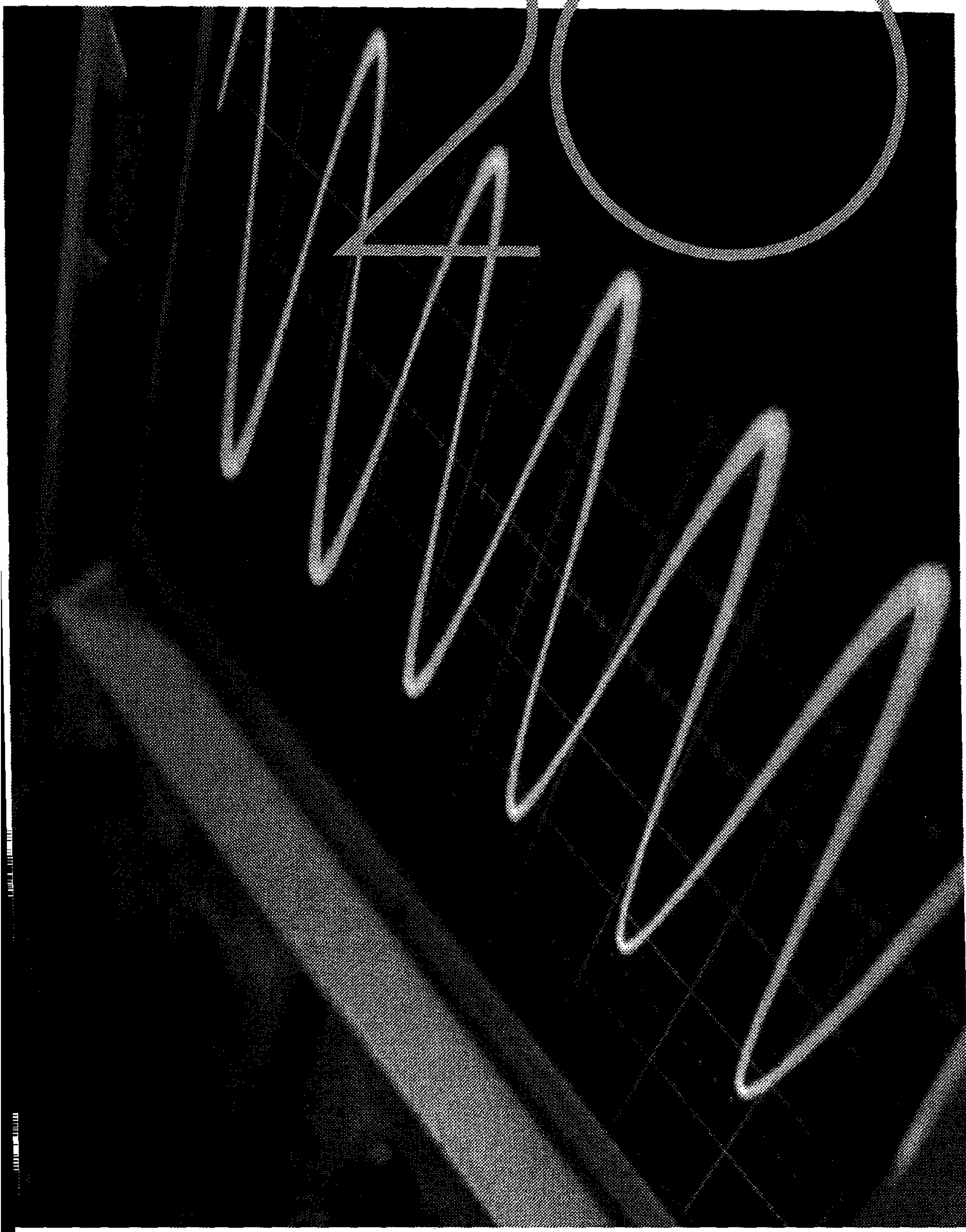
Activities

Pantheon Ventures Limited manages the Company's investments, appraising further investments carefully in the context of the Company's investment policies. The Pantheon Group, on behalf of all of its clients, manages assets of approximately $3 billion, with investments in over 450 funds across North America, Europe and Asia. This network of investments and relationships both enables the Company to select top-tier private equity managers for new fund investments and gives it a strong proprietary deal flow for secondary investments.

Resources

The Pantheon Group had its origins in private equity in 1982. It has 40 full-time employees, with established offices in London, San Francisco and Hong Kong. A new Brussels office opened on 1 September 2000. This international chain of offices enables the executives to look after the Company's interests efficiently with the benefit of their local knowledge and network. The executives have a total of 175 years of private equity experience and the four key directors have worked together for over ten years.

TOP 20



INVESTMENTS

30 June 2000	% Interest in Investment	Cost £000's	Income & Capital returned to the Company £000's	Value £000's	% of Total Assets
1 Year of invest: 2000 P DLJMB OVERSEAS PARTNERS II & DLJ MERCHANT BANKING PARTNERS II, L.P	0.7	10,102	499	13,813	8.6
2 Year of invest: 1996 P PANTHEON USA FUND II LIMITED	11.9	8,191	6,549	9,788	6.1

P = Primary investment
S = Secondary investment
P/S = Mixed investment

1 DLJMB OVERSEAS PARTNERS II & DLJ MERCHANT BANKING PARTNERS II, L.P

The fund, which has access to DLJ's extensive deal flow and resources, invests in medium to large buyouts.

Structure: Netherlands Antilles limited partnership and a parallel Delaware limited partnership
Size: $3bn
Term: Fixed life ending in 2006
Called: 82%
No. of companies: 41
Distributions received in the year: £0.5m

Investment professionals: 50
Manager location: New York
Years in business: 15
Funds under management: $4.3bn

Key companies:

Nextel Partners, Inc	Quoted	Provides digital wireless services in 46 mid-sized and smaller cities throughout the USA.
Fisher Scientific, Inc	Quoted	The largest supplier of instruments, equipment, chemicals and other laboratory products to the scientific community.
Mueller Holdings (N.A.), Inc	Unquoted	The largest full-time manufacturer and supplier of iron and brass flow control products used in the distribution of potable water and natural gas.

2 PANTHEON USA FUND II LIMITED

Fund of funds investing in new USA private equity funds and single secondary interests. The successor vehicle to Pantheon USA Fund Limited

Structure: Guernsey company
Size: $126.5m
Term: Fixed life ending 2009
Called: 87%
No. of funds: 21
Distributions received in the year: £4.7m

Investment professionals: see the Manager (page 25)
Manager location: see the Manager (page 25)
Years in business: see the Manager (page 25)
Funds under management: see the Manager (page 25)

Key funds

Summit Ventures	Fund	Provides expansion capital to privately held, profitable emerging growth companies.
Menlo Ventures VIII	Fund	A venture capital firm specializing in industries in the communications, Internet, software and healthcare sectors.
Code, Hennessy & Simmons II	Fund	Middle market manufacturing and distribution companies primarily in the Midwest.

P = Primary investment
S = Secondary investment
P/S = Mixed investment

P = Primary investment
S = Secondary investment
P/S = Mixed investment

30 June 2000	% Interest in investment	Cost £000's	Income & Capital returned to the Company £000's	Value £000's	% of Total Assets
3 ACE L.P. (Year of invest: 2000) S	4.0	9,372	0	9,372	5.8

Portfolio of small to medium-sized companies, predominantly UK based. Bought as a secondary interest in 2000. Managed by Murray Johnstone Ltd.

Structure: UK limited partnership
Size: £40m
Term: 10 years
Called: 85%
Distributions received in year: £0m

Investment professionals: 25
Manager location: Glasgow, Manchester & London
Years in business: 10
Funds under management: £350m

Key companies:

RAL Holdings Ltd	Unquoted	Amusement centres in the UK.
John Kennedy Holdings Ltd	Unquoted	Engineering company.
Card Warehouse Ltd	Unquoted	Retailer of discounted cards and gifts.
Zero Waste Ltd	Unquoted	Waste management company.

	% Interest in investment	Cost £000's	Income & Capital returned to the Company £000's	Value £000's	% of Total Assets
4 PANTHEON EUROPE FUND (Year of invest: 1997) P	6.1	5,478	1,433	6,028	3.7

Fund of funds investing in European private equity funds and single secondary interests.

Structure: Guernsey company
Size: €214m
Term: Fixed life ending 2010
Called: 65%
No. of funds: 3
Distributions received in year: £1.2m

Investment professionals: see the Manager (page 25)
Manager location: see the Manager (page 25)
Years in business: see the Manager (page 25)
Funds under management: see the Manager (page 25)

Key funds:

Alchemy	Fund	Invests in UK and European special situations.
BC European Capital VI	Fund	Invests in large UK and European buyouts.
Phoenix Equity Partners II	Fund	Invests in UK mid-sized buyouts.

	% Interest in investment	Cost £000's	Income & Capital returned to the Company £000's	Value £000's	% of Total Assets
5 PANTHEON USA FUND III (Year of invest: 1998) P	8.3	3,614	198	5,023	3.1

A fund of funds investing in new USA private equity funds and single secondary interests. The successor vehicle to Pantheon USA Fund II.

Structure: Guernsey company with parallel US partnership
Size: $455.8m
Term: Fixed life ending in 2011
Called: 37%
No. of funds: 36
Distributions received in year: £0.2m

Investment professionals: see the Manager (page 25)
Manager location: see the Manager (page 25)
Years in business: see the Manager (page 25)
Funds under management: see the Manager (page 25)

Key funds:

Polaris Venture Partners II	Fund	A venture capital firm specializing in information technology and medical companies.
Summit Ventures IV	Fund	Provides expansion capital to privately held, profitable emerging growth companies.
Oak Investment Partners VIII	Fund	A venture capital firm specializing in information technology, healthcare and retail investing.

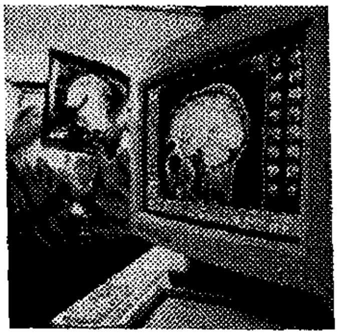
P = Primary investment
S = Secondary investment
P/S = Mixed investment

P = Primary investment
S = Secondary investment
P/S = Mixed investment

30 June 2000	% Interest in Investment	Cost £000's	Income & Capital returned to the Company £000's	Value £000's	% of Total Assets
6 Year of invest: 2000 **S** MORGAN STANLEY LEVERAGED EQUITY FUND II, L.P	0.9	4,407	30	4,423	2.7

This is a buyout fund formed in 1987 with $2.2bn in committed capital.

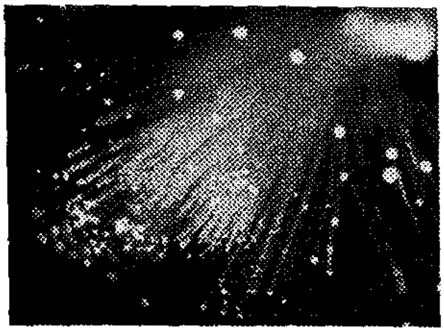
Structure: Delaware limited partnership
Size: $2.2bn
Called: 100%
Distributions received in the year: £0m



7 Year of invest: 1995 / 1998 / 2000 **P/S** THOMPSON CLIVE INTERNATIONAL	10.3	3,794	3,977	3,919	2.4

The fund invests in small to medium-sized technology companies with international growth potential.

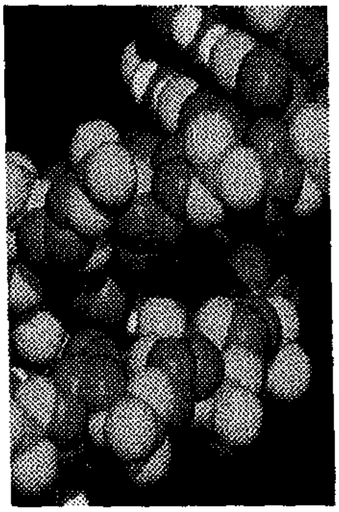
Structure: Jersey unit trust
Size: £30m
Called: 83%
Distributions received in year: £3.4m



8 Year of invest: 1997 **P** WEISS PECK & GREER IV	1.4	1,822	6,997	3,669	2.3

This fund has a technology focus investing in the communications, computer software and systems, medical devices, semiconductors, information services, healthcare services and biotechnology sectors.

Structure: Cayman Islands company
Size: $212m
Called: 99%
Distributions received in year: £6.7m



9 Year of invest: 1997 **S** OMNICELL INC	4.9	1,490	0	3,571	2.2

The company designs, manufactures, markets and services automated point-of-use supply stations that improve the management and control of supplies in hospitals.

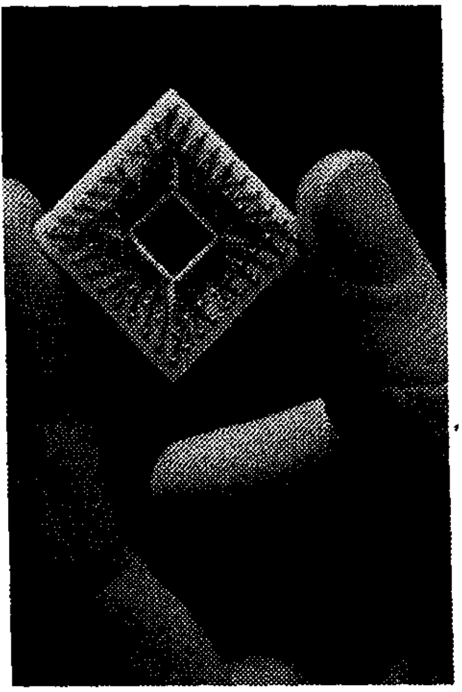
Structure: Unquoted US company
Size: $165m
Called: 100%
Distributions received in the year: £0m

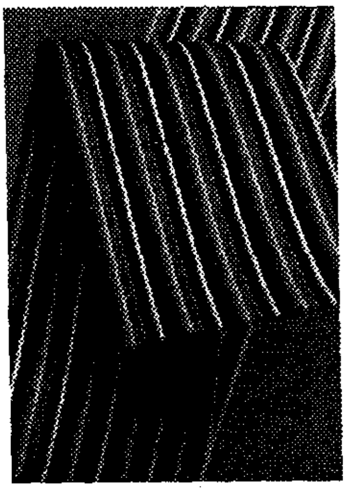
10 Year of invest: 1988, 1998 **S** THIRD CAUSEWAY DEVELOPMENT CAPITAL FUND	16.7	4,106	2,488	2,992	1.9

The fund invests in a range of unquoted UK companies, principally mid-sized buyout opportunities.

Structure: Guernsey unit trust
Size: £60m
Called: 100%
Distributions received in the year: £1m

P = Primary investment
S = Secondary investment
P/S = Mixed investment





30 June 2000	% Interest in Investment	Cost £000's	Income & Capital returned to the Company £000's	Value £000's	% of Total Assets
11 Year of invest: 1999 P — THE EUROPEAN PRIVATE EQUITY FUND	0.5	3,357	289	2,942	1.8

The investment strategy of the fund is to focus on middle market transactions and acquisitions with management in the UK and Western Europe.

Structure: Limited partnership
Size: £1bn
Called: 67%
Distributions received in the year: £0.3m

12 Year of invest: 1997 S — PHYSIOMETRIX INC	2.5	1,940	2,132	2,932	1.8

Physiometrix designs, manufactures and markets proprietary diagnostic and monitoring products for the neurophysiology market.

Structure: Quoted company
Called: 100%
Distributions received in the year: £2.1m

13 Year of invest: 1997 P — SUMMIT SUBORDINATED DEBT FUND II	1.5	1,525	1,217	2,806	1.7

The fund focuses on acquiring subordinated debt and attached equity securities in management buyouts, recapitalisations and other growth opportunities developed by Summit Partners.

Structure: Delaware limited partnership
Size: $335m
Called: 49%
Distributions received in year: £0.6m

14 Year of invest: 1996 P — ADVENT ATLANTIC & PACIFIC III	2.3	2,188	2,534	2,787	1.7

The fund primarily invests in unquoted high growth companies in the software, data networking, healthcare services, financial services and consumer products industries.

Structure: Delaware limited partnership
Size: $150m
Called: 100%
Distributions received in the year: £1.8m

15 Year of invest: 1994 P — PANTHEON USA FUND	9.3	3,172	5,900	2,758	1.7

A fund of funds investing in new USA private equity funds and single secondary interests.

Structure: Guernsey company
Size: $54m
Called: 100%
Distributions received in year: £2.3m

16 Year of invest: 1994 P — PANTHEON ASIA FUND	7.5	2,833	570	2,595	1.6

Invests in private equity funds in the Asian markets.

Structure: Guernsey company
Size: $66.5m
Called: 91%
Distributions received in the year: £0.2m

P = Primary investment
S = Secondary investment
P/S = Mixed investment

TOP 20 INVESTMENTS

30 June 2000	% Interest in Investment	Cost £000's	Income & Capital returned to the Company £000's	Value £000's	% of Total Assets
17 JAFCO R-3 — Year of invest: 1995 — P	3.0	1,116	57	2,507	1.6
18 VECTOR CAPITAL II — Year of invest: 1998 — P	2.0	756	0	2,467	1.5
19 TEKNI-PLEX, INC — Year of invest: 2000 — P	0.5	2,467	0	2,457	1.5
20 FLEMING VENTURES LIMITED — Year of invest: 1991 — P	7.1	718	2,097	2,375	1.5

P = Primary investment
S = Secondary investment
P/S = Mixed investment

17 JAFCO R-3

Year of invest: 1995 P

Leading private equity investor in Japan, targeting late stage companies pre IPO.

Structure: Partnership according to Civil Code of Japan
Size: ¥5bn
Called: 100%
Distributions received in the year: £0.1m

18 VECTOR CAPITAL II

Year of invest: 1998 P

Development capital fund targeting undervalued growth companies in software, communications and services.

Structure: Delaware limited partnership
Size: $150m
Called: 39%
Distributions received in the year: £0m

19 TEKNI-PLEX, INC

Year of invest: 2000 P

A highly diversified manufacturer of specialized packing materials.

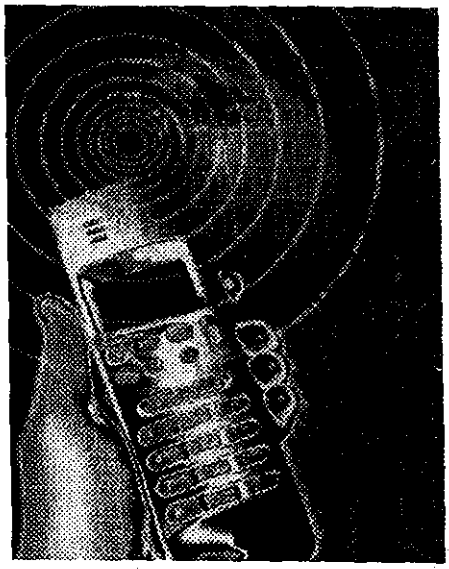
Structure: Unquoted US company
Size: $922m
Called: 74%
Distributions received in the year: £0m

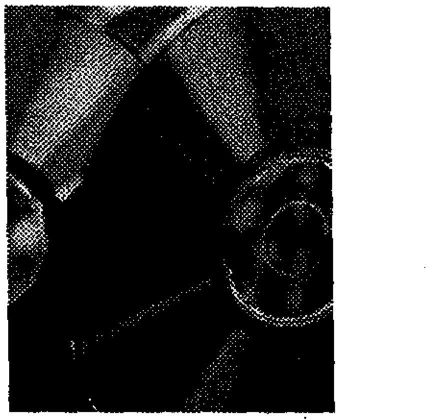
20 FLEMING VENTURES LIMITED

Year of invest: 1991 P

Comprises investments made in the USA and Europe, mainly in electronics and telecommunications.

Structure: Jersey companies
Size: £20m subscribed capital
Called: 100%
Distributions received in year: £0.5m





TOP 50 UNDERLYING COMPANY INVESTMENTS

	Company	Sector	% of Total Private Equity Portfolio
1	E-Tek Holdings	Communications and media	2.3%
2	Savi Technology	Computer software	2.3%
3	Finisar Corporation	Communications and media	1.8%
4	Norcros	Manufacturing	1.7%
5	Smurfit-Stone Container Corporation	Manufacturing	1.6%
6	Concentric Communications Inc	Computer hardware and electronics	1.5%
7	Brocade Communications	Communications and media	1.4%
8	Netsolve, Inc	Communications and media	1.3%
9	Financiere Darius	Other services and manufacturing	1.1%
10	Gemplus SCA	Computer hardware and electronics	1.1%
11	Really Useful Theatres	Consumer related (not e-commerce)	1.1%
12	Niku Corporation	Computer software	1.1%
13	InterQ	Software/Tools for the Internet	1.0%
14	Quintus Corporation	Computer software	0.9%
15	Financial Objects Limited	Computer software	0.9%
16	The IMO Group	Consumer related (not e-commerce)	0.9%
17	Adams Childrenwear	Consumer related (not e-commerce)	0.8%
18	Longville	Other services and manufacturing	0.8%
19	Mueller Holdings	Manufacturing	0.7%
20	JDR Cables	Manufacturing	0.7%
21	Akamai Technologies	Software/Tools for the Internet	0.7%
22	Quantum Effect Devices, Inc	Computer hardware and electronics	0.6%
23	Termotasajero S.A.	Energy related	0.6%
24	Worldmark	Computer software	0.6%
25	Vehicle Solutions SA	Other services and manufacturing	0.6%
26	Match Holdings	Biotechnology, medical and healthcare	0.6%
27	Fisher Scientific International	Industrial services	0.6%
28	Duane Reade	Consumer related (not e-commerce)	0.6%
29	Homestore.com	E-commerce	0.6%
30	MCM Electronics	Computer hardware and electronics	0.5%
31	Autinform	Computer software	0.5%
32	Interpump Group Spa	Manufacturing	0.5%
33	MetaSolv Software	Communications and media	0.5%
34	Extensity, Inc	Software/Tools for the Internet	0.5%
35	Chromisys, Inc	Communications and media	0.5%
36	Neopost S.A. (Neopost II)	Manufacturing	0.5%
37	NES	Other services and manufacturing	0.5%
38	Thermadyne	Manufacturing	0.5%
39	Eurogestion	Consumer related (not e-commerce)	0.5%
40	Partner Electric	Communications and media	0.5%
41	BarterTrust.com	E-commerce	0.5%
42	Sondex	Manufacturing	0.5%
43	MediaLogic	Computer software	0.5%
44	Arco Bodegas	Consumer related (not e-commerce)	0.4%
45	Coral Group Holdings Plc	Consumer related (not e-commerce)	0.4%
46	ELS	Consumer related (not e-commerce)	0.4%
47	Serap Union	Consumer related (not e-commerce)	0.4%
48	NETTEC	E-commerce	0.4%
49	Silgan Holdings	Manufacturing	0.4%
50	Robbialac	Manufacturing	0.4%

THE BOARD

The Board consists solely of non-executive Directors and no one individual has unfettered powers of decision. Arrangements to ensure the appropriate level of corporate governance have been put in place by the Board which it believes are appropriate to an investment trust and enable the Company to comply with the Combined Code of Best Practice ("the Code").

Directors are subject to re-election by shareholders at intervals specified in the Company's Articles of Association, and in accordance with the Code, and the Directors consider that this meets the requirement of the Code that directors are appointed for specific periods and that their re-appointment should not be automatic. A formal process exists for the selection of new Directors to the Company.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company.

♦†**Lionel G. Stopford Sackville** *(Chairman)* Born November 1932. He qualified as a chartered accountant in 1959. He has had extensive experience working for a wide range of companies, principally in the financial and mineral resources sectors. He has been a director of a number of major companies including Charter Consolidated PLC, Selection Trust Limited, Mineral and Resources Corporation and Anglo American Corporation of South Africa Limited. He was chairman of Cape Industries PLC from 1979 to 1980, having been a director since 1970. He is currently a director of Nelson Gold Corporation Limited, Dartmoor Investment Trust PLC and Mercury World Mining Trust PLC.

♦†**Alain M.L. Lefebvre** Born April 1930. He is a French citizen who spent his career working for Banque de Gestion Privée-SIB. He is a director of a number of continental investment companies. He is a graduate of l'École des Hautes Études Commerciales.

*♦†**Ewen C.S. Macpherson** Born January 1942. He is the former Chief Executive of 3i Group PLC, the largest provider of investment capital to unquoted businesses in the UK. He is a director of Scottish Power PLC, Foreign & Colonial Investment Trust PLC and The Law Debenture Corporation PLC.

*♦†**J. Peter A. Readman** Born December 1946. He is a director of a number of companies specialising in US and French real estate, and of Mercury Keystone Investment Trust PLC and Martin Currie European Investment Trust PLC. He is also an economic advisor to a number of UK institutions and international companies.

*♦†**The Hon. Richard M.O. Stanley** Born April 1931. He is former chairman of Pantheon Ventures Limited and a director of Friends Provident Life Office. Most of his previous career was with Metal Box PLC, where he was a director.

Rhoderick M. Swire Born March 1951. He is chairman of Pantheon Holdings Limited. He joined GT Management PLC ("GT"), now a part of Amvescap PLC in 1981, with responsibility for investment in unquoted companies. After graduating in engineering, he qualified as a chartered accountant with Peat Marwick. He subsequently joined John Swire & Sons Limited, where he had various assignments in Hong Kong, Australia and the UK before joining GT. He was a director of GT until he led the buyout of the Company's Manager, Pantheon Ventures Limited in 1988.

♦†**Richard Crowder** Born March 1950. Holds a range of directorships and consultancy appointments. Having worked as an investment manager with Ivory & Sime in Edinburgh and as a head of investment research with W.I. Carr in the Far East, he undertook a wide range of responsibilities for Schroders in London and the Far East, culminating in the role of managing director for Schroders' Singapore associate. Having then worked as chairman of Smith New Court Far East and a director of Smith New Court Plc, Richard Crowder was the founding managing director of Schroders' Channel Islands subsidiary from 1991 to 2000. He is a member of the Securities Institute and he resides in Guernsey.

* *Member of the Audit Committee*
♦ *Member of the Management Engagement Committee*
† *Independent of the Manager*

SERVICE PROVIDERS

MANAGER	Pantheon Ventures Limited Charles House 5/11 Regent Street London SW1Y 4LR 020 7484 6200 email: pip@pantheon.co.uk *Regulated by IMRO*	
SECRETARY & REGISTERED OFFICE	Sinclair Henderson Limited 23 Cathedral Yard Exeter Devon EX1 1HB 01392 412122	
FIXED INTEREST & CURRENCY INVESTMENT ADVISOR	Alliance Capital Whittingdale Limited Devonshire House 1 Mayfair Place London W1X 6JJ	
BROKERS	Collins Stewart Limited 21 New Street Bishopsgate London EC2M 4HR 020 7522 9977	
REGISTRARS	Lloyds TSB Registrars Scotland 117 Dundas Street Edinburgh EH3 5WY 0870 6015 366	
BANKERS	The Royal Bank of Scotland PLC Waterhouse Square 138-142 Holborn London EC1N 2TH	HSBC Bank PLC Global Investor Services Mariner House Pepys Street London EC3N 4DA (Also custodian)
AUDITORS	RSM Robson Rhodes Chartered Accountants 186 City Road London EC1V 2NU	
SOLICITORS	Theodore Goddard 150 Aldersgate Street London EC1A 4EJ	

Company number 2147984
A member of the Association of Investment Trust Companies

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 30 June 2000.

STATUS AND ACTIVITIES

The Company has been approved by the Inland Revenue as an authorised investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30 June 1998. In the opinion of the Directors, the Company has subsequently conducted its affairs so as to enable it to continue to obtain such approval. The Company will continue to seek approval under Section 842 each year. However, under Corporation Tax Self Assessment, which applies to accounting periods ended after 30 June 1999, the Inland Revenue will no longer be obliged to give written approval. Instead, the Inland Revenue have twelve months after the return filing date in which to give notice that they intend to enquire into the return, but if no such notice is given then approval may be assumed to have been obtained.

The Company is an investment company as defined under Section 266 of the Companies Act 1985. The Company's shares are qualifying investments for inclusion in Individual Savings Accounts (ISAs).

Review of Business

A review of the year's activities and an indication of likely developments is given in the Chairman's Statement on pages 6 and 7 and in the Manager's Review on pages 8 to 25.

In a Circular dated 31 March 2000 the Company announced a proposed reorganisation of capital, the issue of 6,224,471 Participating Loan Notes (PLNs) and a return of surplus cash to shareholders. These proposals were approved by shareholders at an Extraordinary General Meeting held on 25 April 2000 and subsequently confirmed by the Courts on 17 May 2000.

As a result, £50 million in cash was returned to shareholders by the cancellation of 2,946 out of every 10,000 ordinary shares and a bonus issue of £31,929,046 in value of PLNs at an issue price of 512.96p each was made to shareholders.

Full details of the alterations to the Company's share capital can be found on page 46.

On 10 August 2000 the Company issued a further 3,595,628 PLN's at a price of 591.80p per PLN (being the adjusted redemption value at 30 June 2000).

Net Asset Value

The Company's total net assets increased during the year to £161,327,000 (1999: £145,789,000). The fully diluted net asset value per ordinary share was 599.9p at 30 June 2000 (1999: 405.6p). The Company's 20 largest investments are shown on pages 27 to 31.

Results and Dividends

As set out in the statement of total return on page 39, the Company's net revenue on ordinary activities before taxation for the year was £1,374,000 (1999: £1,294,000). The net revenue available for ordinary shareholders amounted to £958,000 (1999: £1,196,000).

The Directors recommend that a first and final dividend of 2.0p (1999: 2.0p) net per ordinary share in respect of the year ended 30 June 2000, be paid on 30 November 2000 to shareholders on the register on 27 October 2000.

Payment of Suppliers

It is the Company's payment policy to obtain the best possible terms for all business and therefore there is no consistent policy as to the terms used. The Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by those terms. At 30 June 2000, the Company had 2 days of purchases outstanding in respect of trade creditors (1999: 2 days).

Management

Pantheon Ventures Limited acts as Manager and Investment Advisor to the Company under an agreement dated 16 July 1992, which is terminable by either party at any time on two years' notice in writing. The agreement provides for a fee (calculated and payable monthly) at a rate of 1.5% per annum, including cash, (excluding VAT) on funds under management. The signature of a Supplemental Management Agreement dated 25 April 2000 was approved by shareholders on that day. Under this supplemental agreement, and with effect from 1 May 2000, the Manager is entitled to a fee at the rate of 1.5% per annum of the value of the Company's investments excluding cash and near-cash instruments (the investment assets). In respect of investment assets in excess of £150 million, the fee will be payable at the reduced rate of 1% per annum. The Manager is, in addition, entitled to a fee at the rate of 0.5% per annum on the value of the Company's outstanding commitments to make investments up to a maximum value equal to the value of the investment assets.

Under the supplemental agreement the Manager is also entitled to a performance fee equal to 10% of all growth in the fully diluted net asset-value per share above 15% per annum. This performance fee is subject to high watermark provisions such that only growth in the net asset value per share from a previous high point will attract a performance fee. For the period to 30 June 2003, the performance fee will be calculated on the basis of the average annualised growth in the net asset value from 1 July 2000 to 30 June 2003 and will only be payable to the extent that this exceeds 15% per annum. Thereafter the performance fee will be calculated and payable, if appropriate, annually.

The Manager has waived investment management fees ordinarily payable by the Company in respect of holdings in other Pantheon vehicles and has given an undertaking that the Company will always be in a better overall position with regard to fees than if they had made the investments directly.

Under an agreement dated 6 November 1998, Alliance Capital Whittingdale Limited were appointed to provide currency and hedging advice and to act as investment advisors in respect of the gilt and fixed interest portfolio. The fee payable under this agreement is 0.1% of the fixed interest portfolio plus £20,000 per annum for currency advice. This agreement may be terminated on one month's written notice.

Under an agreement dated 20 November 1997, company secretarial and administrative services are provided by Sinclair Henderson Limited. The administration agreement may be terminated by 12 months' written notice.

Related party transactions and Directors' interests in contracts and agreements are disclosed in note 24 to the financial statements.

Directors

The Directors in office are as shown on page 32. Messrs L.G. Stopford Sackville and the Hon. R.M.O. Stanley retire by rotation and, being eligible, offer themselves for re-election. Mr R J Crowder, who was appointed as a Director with effect from 1 September 2000, will retire at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

Mr A M L Lefebvre will be retiring at the Annual General Meeting and will not be putting himself forward for re-election.

No Directors are under contracts of service with the Company.

The interests of the Directors and their families in the ordinary shares, PLNs and Warrants of the Company are as shown below. These interests were beneficial. There were no changes to these interests between 30 June 2000 and the date of this Report.

On his appointment as a Director Mr Crowder had, and he continues to have, an interest in 35,318 ordinary shares.

	At 30.06.00	At 30.06.99 or date of appointment (if later)
A.M.L. Lefebvre		
Ordinary shares	83,250	112,500
PLNs	29,250	n/a
Warrants	33,065	33,065
E.C.S. Macpherson		
Ordinary shares	5,920	8,000
PLNs	2,080	n/a
Warrants	–	–
J.P.A. Readman		
Ordinary shares	13,320	18,000
PLNs	4,860	n/a
Warrants	–	–
L.G. Stopford Sackville		
Ordinary shares	7,400	10,000
PLNs	2,600	n/a
Warrants	2,000	2,000
R.M.O. Stanley		
Ordinary shares	23,394	31,614
PLNs	8,219	n/a
Warrants	–	–
R.M. Swire		
Ordinary shares	10,952	14,800
PLNs	3,848	n/a
Warrants	10,460	10,460

Share Capital

The authorities given to the Directors at the Annual General Meeting held on 18 November 1999 to allot unissued shares of the Company are due to expire at the forthcoming Annual General Meeting ("AGM"), notice of which accompanies this Report.

The Notice of AGM sets out resolution 7 which, if passed, will extend for a further 15 months (or, if earlier, until the next AGM) the powers of Directors to allot shares. The authority granted by resolution 7, if passed, will be in addition to the authority already granted to the Directors to allot ordinary shares on exercise of the Warrants issued in January 1994.

The nominal amount of £3,956,529 which may be allotted pursuant to resolution 7 is equal to one-third of the existing issued ordinary share capital of the Company. Save in respect of the allotment of ordinary shares to holders of exercised Warrants (referred to above), the Directors have no present intention of exercising the authority to be granted by resolution 7, if passed.

Resolution 8 complies with the London Stock Exchange guidelines on pre-emption rights.

The Directors intend to exercise the authorities to allot shares in conformity with those guidelines and to propose the renewal of the authorities at subsequent Annual General Meetings.

At the Extraordinary General Meeting held on 25 April 2000, the Directors were authorised to make market purchases of the Company's ordinary shares. A resolution for the renewal of this authority will be proposed at the forthcoming Annual General Meeting.

Substantial Shareholders

As at the date of this Report, the Company had received notification of the following substantial interests in the issued ordinary share capital of the Company:

	Shares	%
Newton Investment Management Limited	3,006,800	16.97
Equitable Life Assurance Society	2,686,891	15.17
Aegon Aandelenfonds	2,567,800	14.49
British Airways Pension Fund Trustees Limited	1,252,728	7.07
BAE Systems Pension Fund Trustees Limited	875,866	4.94
Pictet & Cie Banquiers	635,864	3.59

Auditors

The Auditors changed their name to RSM Robson Rhodes on 18 October 1999 and have signed their audit report accordingly. They have indicated their willingness to continue in office, and resolution 6 at the forthcoming AGM proposes re-appointing them as Auditors and authorising the Directors to fix their remuneration for the ensuing year.

Exeter
26 September 2000

By order of the Board
pp Sinclair Henderson Limited
Secretary

Directors' Statement of Compliance with the Combined Code ("Code")

The Directors have reviewed the principles outlined in the Code and believe that, insofar as they are relevant to the Company's business, they have complied with the provisions of the Code during the year ended 30 June 2000, subject to the exceptions explained below. The Company is committed to maintaining the highest standards of corporate governance and the Board is accountable to the Company's shareholders for the governance of the Company's affairs.

The Board has considered the guidance for Directors on the wider aspects of internal control, as produced by the Turnbull Committee, and confirms that procedures have been put in place necessary to implement the requirements of the Combined Code relating to internal controls during the year ending 30 June 2001. In respect of the year ended 30 June 2000, the Board has taken advantage of the transitional arrangements and has reported on the Company's system of internal financial control, as detailed in its report below.

Board of Directors

The Board consists solely of non-executive Directors who are responsible for the implementation of the Company's investment policy. The Directors review at monthly Board meetings the Company's investments and all other important issues to ensure that control is maintained over the Company's affairs. These procedures have been formalised in a schedule of matters specifically reserved for the decision of the Board which has been adopted for all meetings. These matters include:

- the maintenance of clear investment objectives and risk management policies, changes to which require Board approval;
- the monitoring of the business activities of the Company, including investment performance and annual budgeting.

The Company does not have a Chief Executive Officer, but in appointing a management company the roles of Chairman and Chief Executive Officer are effectively separated. Brief biographical details of the Directors can be found on page 32. With the exception of Mr R.M. Swire, all the Directors are independent of the Manager. Given the size and nature of the Board, it is not considered appropriate to appoint a senior independent Director.

None of the Directors has a service agreement with the Company. Under the new Articles of Association adopted by the Company on 25 April 2000, each Director will be subject to retirement and re-election by shareholders at least every three years.

Committees

The Company has appointed a number of committees to monitor specific operations, each of which has formal written terms of reference. The Audit Committee reviews the effectiveness of the internal control environment of the Company, receives reports from the Compliance Officer of the Manager on a regular basis and provides a forum through which the Company's Auditors report to the Board. The Management Engagement Committee keeps under review matters concerning the management contract with Pantheon Ventures Limited. The Hon. R.M.O. Stanley is Chairman of these Committees.

A Nomination Committee comprising the full Board meets as and when appropriate to consider nominations to the Board.

Independent Professional Advice

The Board has formalised arrangements under which the Directors, in the furtherance of their duties, may take independent professional advice.

Directors' Remuneration

All Directors act in a non-executive capacity and the fees for their services are approved by the whole Board. The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. It is not considered appropriate for the Company to establish a separate remuneration committee and the Directors therefore believe that the best practice provisions on Directors' remuneration are not relevant to this Company. Full details of Directors' remuneration are given in note 5 to the financial statements. At 30 June 2000 no Director had been granted any options to acquire shares in the Company.

Going Concern

After due consideration, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal Financial Control Review

The Board is responsible for establishing and maintaining the Company's system of internal financial control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and by their very nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which have been established with a view to providing effective internal financial control are as follows:

- Investment management is provided by Pantheon Ventures Limited. The Board is responsible for setting the overall investment policy and monitors the action of the Manager at regular Board meetings.
- The Company receives advice in respect of currency and hedging and fixed interest investment from Alliance Capital Whittingdale Limited.
- The provision of administration, accounting and company secretarial duties is the responsibility of Sinclair Henderson Limited.
- Custody of assets was undertaken by Lloyds TSB Bank PLC until 19 July 2000, when HSBC Bank PLC were appointed as the Company's Custodian for quoted equities and bonds.
- The duties of investment management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement one another.
- The non-executive Directors of the Company clearly define the duties and responsibilities of their agents and advisors in the terms of their contracts. The appointment of agents and advisors is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements.
- Mandates for authorisation of investment transactions and expense payments are set by the Board.
- The Board reviews detailed financial information produced by the Manager and the Secretary in detail on a monthly basis.

In accordance with guidance issued to directors of listed companies, the Directors have carried out a review of the effectiveness of the system of internal financial controls as it has operated during the year.

The Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Sinclair Henderson Limited, who is responsible for ensuring that Board and Committee procedures are followed and that the applicable regulations are complied with. The Secretary is also responsible to the Board for ensuring timely delivery of information and reports and also the statutory obligations of the Company.

Relations with Shareholders

Communication with shareholders is given a high priority by both the Board and the Manager. A presentation is made to all shareholders at the Annual General Meeting. All shareholders are encouraged to attend and vote at the Annual General Meeting during which the Board and the Manager are available to discuss issues affecting the Company. The Company always responds to letters from individual shareholders and all shareholders have the opportunity to put questions to the Directors of the Company at the Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the Directors to ensure that financial statements are prepared for each financial year which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF PANTHEON INTERNATIONAL PARTICIPATIONS PLC

We have audited the financial statements on pages 39 to 52 which have been prepared on the basis of the accounting policies set out on pages 41 and 42.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report, including as described above in the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the corporate governance statement on pages 36 and 37 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and internal controls.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 30 June 2000 and of the Company's net revenue, total return and cashflow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes
Chartered Accountants and Registered Auditor
London, 26 September 2000

STATEMENT OF TOTAL RETURN

(incorporating the revenue account*)

		Year ended 30 June					
							**Restated
				2000			1999
	Note	Revenue £000's	Capital £000's	Total £000's	Revenue £000's	Capital £000's	Total £000's
Gains on investments	10 b	-	67,121	67,121	-	13,867	13,867
Currency (losses)/gains	17	-	(196)	(196)	-	83	83
Income	2	4,644	-	4,644	4,047	-	4,047
Investment management fees	3	(2,179)	(266)	(2,445)	(2,036)	-	(2,036)
Other expenses	4	(967)	-	(967)	(717)	-	(717)
Capital reorganisation costs		-	(1,734)	(1,734)	-	-	-
Return before financing costs and tax		1,498	64,925	66,423	1,294	13,950	15,244
Interest payable	6	(124)	-	(124)	-	-	-
Revaluation of participating loan notes	16	-	(4,907)	(4,907)	-	-	-
Return on ordinary activities before tax		1,374	60,018	61,392	1,294	13,950	15,244
Tax on ordinary activities	7	(416)	-	(416)	(98)	-	(98)
Return on ordinary activities after tax for the financial year		958	60,018	60,976	1,196	13,950	15,146
Dividends in respect of ordinary shares	8	(354)	-	(354)	(679)	-	(679)
Transfer to reserves		604	60,018	60,622	517	13,950	14,467
Return per ordinary share							
Basic	9	3.96 p	247.98 p	251.94 p	3.52p	41.11p	44.63p
Diluted	9	3.69 p	231.32 p	235.01 p	3.48p	40.55p	44.03p

* The revenue column of this statement is the profit and loss account of the Company.

**The financial statements have been prepared using accounting standards and policies adopted at the previous year end, with the exception of income and taxation which have been calculated in accordance with Financial Reporting Standard No.16: Current Taxation. The comparative figures have been restated to reflect this change. See note 2 for further information.

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

No operations were acquired or discontinued in the year.

The notes on pages 41 to 52 form part of these financial statements.

BALANCE SHEET

	Note	As at 30 June 2000 £000's	1999 £000's
Fixed assets			
Investments	*10a*	150,049	140,696
Investment in subsidiary undertaking	*11*	1	–
		150,050	140,696
Current assets			
Debtors	*12*	10,458	4,720
Cash at bank	*20*	5,687	1,479
		16,145	6,199
Creditors: amounts falling due within one year	*13*	4,868	1,106
Net current assets		11,277	5,093
Total assets less current liabilities		161,327	145,789
Creditors: amounts falling due after one year			
Participating loan notes	*16*	36,836	–
Capital and reserves			
Called-up share capital	*14*	11,870	16,968
Share premium account	*17*	–	32,525
Capital reserve – realised gains	*17*	53,826	75,587
Capital reserve – unrealised gains	*17*	56,583	19,101
Revenue reserve	*17*	2,212	1,608
Total equity shareholders' funds	*19*	124,491	145,789
Amounts attributable to shareholders and participating loan note holders		161,327	145,789
Net asset value per share – basic	*18*	702.7 p	429.6 p
Net asset value per share – fully diluted	*18*	599.9 p	405.6 p
Adjusted redemption value per participating loan note	*16*	591.8 p	–

The notes on pages 41 to 52 form part of these financial statements.

The financial statements were approved by the Board on 26 September 2000 and were signed on its behalf by:

L.G. Stopford Sackville
Chairman

CASHFLOW STATEMENT

	Note	Year ended 30 June 2000 £000's	1999 £000's
Cash flow from operating activities			
Investment income received		5,287	2,153
Deposit interest received		461	89
Investment management fees paid		(1,862)	(1,892)
Secretarial fees paid		(62)	(74)
Other cash payments		(946)	(772)
Net cash inflow/(outflow) from operating activities	*21*	2,878	(496)
Capital expenditure and financial investment			
Purchases of investments		(58,377)	(15,109)
Purchases of government securities		(98,261)	(87,896)
Disposals of investments		51,610	30,276
Disposals of government securities		157,180	72,258
Realised currency gains		250	81
Net cash inflow/(outflow) from capital expenditure and financial investment		52,402	(390)
Equity dividends paid		(679)	-
Financing			
Return of capital to shareholders		(50,000)	-
Proceeds of Warrant conversion		10	-
Net cash outflow from financing		(49,990)	-
Increase/(decrease) in cash	*20*	4,611	(886)

The notes on pages 41 to 52 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

A Basis of Preparation

The financial statements have been prepared on the historical cost basis of accounting, modified to include the revaluation of investments and financial instruments, and in accordance with applicable accounting standards and on the basis that all activities are continuing.

Gains and losses on fixed asset investments and currencies, whether realised or unrealised, are taken to capital reserve (note 17).

Capital distributions from investments are accounted for on a reducing cost basis; cash received is first applied to reducing the historical cost of an investment; a realised gain will be recognised only when the cost has been reduced to nil.

B Statement of Recommended Practice

The accounts have been prepared in accordance with the Statement of Recommended Practice issued by the Association of Investment Trust Companies in December 1995.

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

A Basis of Preparation

The financial statements have been prepared on the historical cost basis of accounting, modified to include the revaluation of investments and financial instruments, and in accordance with applicable accounting standards and on the basis that all activities are continuing.

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B Statement of Recommended Practice

The accounts have been prepared in accordance with the Statement of Recommended Practice issued by the Association of Investment Trust Companies in December 1995.

C Valuation of Investments

i) Unquoted fixed asset investments are stated at Directors' valuation. In the case of investments in private equity funds this is based on the net asset value of those funds ascertained from periodic valuations provided by the managers of the funds. Such valuations are necessarily dependent upon the reasonableness of the valuations by the fund managers of the underlying investments. The Directors have no reason to suppose that any such valuations are unreasonable. In the case of other unquoted investments the Directors' valuation is based on cost. Where special factors apply, such as indications of a market value through subsequent issues of capital or dealings between third parties, cost is adjusted to an appropriate valuation. Provision is made against cost where a permanent diminution in value has arisen.

ii) Quoted investments are valued at the mid-market price on the relevant stock exchange, except when such investments are subject to restrictions on transferability.

D Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date.

Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. The fixed return on a debt security is recognised on a time apportionment basis so as to reflect the effective yield on the security.

E Taxation

Corporation tax charged to the revenue account is based on the revenue profit for the year. Provision for deferred taxation is made only to the extent that it is probable that a material liability will become payable in the foreseeable future.

F Expenses

All expenses are accounted for on an accruals basis. Expenses, including investment management fees, are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and
- A one off investment management fee relating to the capital reorganisation undertaken during the year has been charged wholly to the capital reserve.

G Foreign Currency

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as at the date of transaction or, where applicable, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or in the revenue account depending on whether the gain or loss is of a capital or revenue nature respectively.

H Capital Reserve (Realised)

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- realised exchange differences of a capital nature; and
- realised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

I Capital Reserve (Unrealised)

The following are accounted for in this reserve:

2 Income

	2000 £000's	Restated* 1999 £000's
Income from investments		
UK dividend income	48	176
Unfranked dividends	501	379
Interest from US fixed interest investments	1,844	1,231
Interest from UK fixed interest investments	1,192	1,824
Interest from European fixed interest investments	588	350
	4,173	3,960
Other income		
Deposit interest	228	80
Non-taxable interest	235	4
Other	8	3
	471	87
Total income	4,644	4,047
Total income comprises:		
Dividends	549	556
Bond interest	3,624	3,404
Other income	471	87
	4,644	4,047
Analysis of income from investments:		
Listed overseas	2,276	1,580
Listed UK	1,845	1,854
Unlisted	52	526
	4,173	3,960

*In accordance with the recently issued Financial Reporting Standard No. 16: Current Taxation, UK dividend income is presented excluding its attributable tax credit of £6,000 (1999: £44,000). Previously, UK dividend income was presented including attributable tax credits which were then also included within the charge for taxation. This change in presentation has no effect on the revenue return per ordinary share on ordinary activities after tax. The comparatives have been restated to reflect this change.

UK dividend income includes £1,000 (1999: £74,000) which has been derived from listed investments. In addition, unfranked dividends includes £496,000 (1999: £204,000) which has been derived from listed investments. All other dividends received have been obtained from unlisted investments.

3 Investment Management Fees

	Revenue £000's	Capital £000's	2000 Total £000's	1999 £000's
Investment management fees	2,006	250	2,256	1,858
Irrecoverable VAT thereon	126	16	142	139
Fixed interest investment advisory fees	44	-	44	36
Irrecoverable VAT thereon	3	-	3	3
	2,179	266	2,445	2,036

The investment management fee is payable monthly in arrears plus VAT at the rate set out in the Directors' Report on page 34. As at 30 June 2000 £614,000 (1999: £162,000) excluding VAT was owed to the Manager. The amount charged to the capital reserve is a one off fee wholly in respect of the capital reorganisation.

The fixed interest investment advisory fee, also detailed in the Directors' Report, is payable quarterly in arrears. As at 30 June 2000, £nil (1999: £15,000) excluding VAT was owed to the Investment Advisor.

4 Other Expenses

	2000 £000's	1999 £000's
Secretarial and accountancy services	75	73
Auditors' remuneration for:		
- audit	15	15
- other services to the Company*	1	-
Directors' remuneration	75	77
Irrecoverable VAT	87	12
Legal and professional fees	184	139
Other	530	401
	967	717

*The auditors also received a fee of £29,000 for work performed in respect of the capital reorganisation. This has been wholly charged to the capital account.

5 Directors' Remuneration

Directors' emoluments comprise wholly Directors' fees. Each of the Directors receives £12,000 and the Chairman receives £15,000 per annum. The Directors' fees are not performance-related. No pension contributions were paid to the Directors by the Company. Mr Swire's Director's fees, amounting to £12,000, were paid to Pantheon Ventures Limited and will continue to be paid in this manner for the foreseeable future. He received no further remuneration from the Company.

6 Interest Payable

	2000 £000's	1999 £000's
Interest proposed of 2.0p (1999: n/a) per participating loan note	124	-

See note 16 for further information.

7 Tax on Ordinary Activities

	2000 £000's	Restated* 1999 £000's
UK corporation tax at 30.0% (1999: 29.8%)	416	98

*The figures for 1999 have been restated in accordance with Financial Reporting Standard No 16: Current Taxation. See note 2 for further information.

8 Dividends in Respect of Ordinary Shares

	2000 £000's	1999 £000's
Final dividend proposed of 2.0p per ordinary share (1999: 2.0p)	354	679

9 Return per Ordinary Share

	2000 Revenue	2000 Capital	2000 Total	1999 Revenue	1999 Capital	1999 Total
Return per share						
Basic	3.96p	247.98p	251.94p	3.52p	41.11p	44.63p
Diluted	3.69p	231.32p	235.01p	3.48p	40.55p	44.03p

Basic revenue return per ordinary share is based on the net revenue on ordinary activities of £958,000 (1999: £1,196,000) after taxation on 24,202,378 (1999: 33,936,363) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

Basic capital return per ordinary share is based on net capital gains of 60,018,000 (1999: £13,950,000) for the financial year on 24,202,378 (1999: 33,936,963) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

In accordance with Financial Reporting Standard No.14: Earnings per Share, the diluted returns per share have been determined by calculating the total number of potential shares on Warrant conversion less that number which could be issued at fair value to give a fully diluted weighted average number of ordinary shares of 25,945,850 (1999: 34,400,074) in issue during the year.

10 Investments

10a Movements on investments

	2000 £000's	1999 £000's
Book cost brought forward	121,543	103,507
Acquisitions at cost	157,902	103,005
Realisations – proceeds	(215,670)	(102,723)
– realised gains on sales	29,193	17,754
Book cost at 30 June	92,968	121,543
Unrealised appreciation of investments		
United Kingdom		
Listed investments	53	(146)
Unlisted investments	9,149	5,922
USA		
Listed investments	4,468	(1,550)
Unlisted investments	36,834	14,523
Other		
Listed investments	(356)	(852)
Unlisted investments	6,933	1,256
Valuation of investments at 30 June	150,049	140,696

10b Analysis of investments

	2000 £000's	1999 £000's
United Kingdom		
Listed investments	2,134	26,432
Unlisted investments	35,549	23,293
USA		
Listed investments	5,661	27,682
Unlisted investments	82,614	40,426
Other		
Listed investments	2,015	8,466
Unlisted investments	22,076	14,397
	150,049	140,696
Realised profits on sales	29,193	17,754
Increase /(decrease) in unrealised appreciation	37,928	(3,887)
Gains on investments	67,121	13,867

11 Subsidiary Undertakings

Investment in subsidiary undertakings represents a subscription for £1,000 in nominal value of ordinary shares in PIP Securities Limited (PIPS) on 31 March 2000.

Name	% of Ordinary Share Capital held	Principal Activity and operation	Country of Incorporation
PIP Securities Limited	100	Lending to parent company	Great Britian
Pantheon California, Inc.	100	Investment	USA

12 Debtors

	2000 £000's	1999 £000's
Amounts due from brokers	8,025	1,189
Prepayments and accrued income	187	2,128
Taxation recoverable	2,246	1,403
	10,458	4,720

13 Creditors: amounts falling due within one year

	2000 £000's	1999 £000's
UK corporation tax payable	516	98
Proposed distribution - dividend	354	679
- loan note interest	124	-
Amounts due to brokers	1,264	-
Capital reconstruction costs	1,985	-
Amounts due to subsidiary undertaking	1	-
Other creditors	624	329
	4,868	1,106

14 Called-up Share Capital

	2000 £000's	1999 £000's
Authorised:		
31,193,210 ordinary shares of 67p each (1999: 52,000,000 ordinary shares of 50p each)	20,899	26,000
Allotted, called-up and fully paid:		
17,715,805 ordinary shares of 67p (1999: 33,936,363 ordinary shares of 50p each)	11,870	16,968

On 1 November 1999, 3,913 Warrants were exercised at a price of 250p per share.

Pursuant to special resolutions passed at an Extraordinary General Meeting held on 25 April 2000 and approved by the Court on 17 May 2000, the following changes were made to the Company's issued share capital with effect from 16 May 2000:

- the 33,940,276 ordinary shares of 50p each in issue were sub-divided into 169,701,380 ordinary shares of 10p each
- 50,000,000 ordinary shares of 10p each were then consolidated and reclassified into 10,000,000 shares with "C" rights of 50p each ("Reclassified Shares")
- the remaining 119,701,380 ordinary shares of 10p each were consolidated into 23,940,276 ordinary shares of 50p each
- the issued share capital of £16,970,138 divided into 23,940,276 ordinary shares of 50p each and 10,000,000 Reclassified Shares of 50p each was then reduced to £11,970,138 divided into 23,940,276 ordinary shares of 50p each by cancelling and extinguishing all the Reclassified Shares
- the issued share capital was then further reduced from £11,970,138 to £11,869,589.35 by cancelling paid up share capital in an aggregate amount of £100,548.65
- immediately upon this reduction becoming effective, the remaining issued share capital of £11,869,589.53 was consolidated into 17,715,805 ordinary shares of 67p each
- the authorised and unissued share capital was altered and reduced by (i) sub-dividing each ordinary share of 50p into 50 ordinary shares of 1p (ii) cancelling and extinguishing 65 ordinary shares of 1p each and (iii) consolidating the remaining ordinary shares of 1p each into ordinary shares of 67p each

15 Warrants

There were 5,238,632 Warrants outstanding at 30 June 2000 (1999: 5,242,545). As a result of the reorganisation of the capital structure, for every 100 Warrants held, a Warrantholder is entitled to subscribe for 74 ordinary shares and 26 PLNs. The Warrants are exercisable on 31 October in the years 2000 to 2001 inclusive at a subscription price of 250p per Warrant.

16 Participating Loan Notes

On 19 May 2000, 6,224,471 participating loan notes (PLNs) were issued at an initial issue price of 512.96p per PLN. At 30 June 2000 these PLNs had an adjusted redemption value of 591.80p. The uplift in value of the PLNs has been transfered to the realised capital reserve.

On 10 August 2000 the Company issued a further 3,595,628 PLNs at a price of 591.80p per PLN, which was the Adjusted Redemption Value at 30 June 2000.

Interest is paid to PLN holders in an amount equal to the net dividends paid on the ordinary shares.

The PLNs may be redeemed by the Company at its discretion in accordance with their terms, and their redemption value tracks the fully diluted NAV of the shares (subject to a 1% discount).

The Adjusted Redemption Value of a PLN is calculated under the terms of the Trust Deed by multiplying the initial issue price of the PLN by the percentage change in the value at which the shares owned by the Company in PIP Securities Limited are reported in the books of the Company.

	2000 £000's	1999 £000's
Participating loan notes at initial issue price	31,929	-
Uplift in value	4,907	-
Closing value of participating loan notes	36,836	-

17 Reserves

	Share premium £000's	Capital reserve - realised £000's	Capital reserve - unrealised £000's	Revenue reserve - £000's
Beginning of year	32,525	75, 587	19,101	1,608
Premium on exercise of Warrants	9	-	-	-
Net gain on realisation of investments	-	28,696	-	-
Exchange gains on sale of investments	-	1,017	-	-
Increase in unrealised appreciation before transfer on disposal	-	-	37,408	-
Transfer on disposal of investments	-	(520)	520	-
Exchange differences on currency	-	250	(403)	-
Exchange differences on other capital items	-	-	(43)	-
Capital reorganisation	(32,534)	(2,000)	-	-
Return of capital to shareholders	-	(44,297)	-	-
Revaluation of participating loan notes	-	(4,907)	-	-
Retained revenue for the year	-	-	-	604
End of year	-	53,826	56,583	2,212

18 Net Asset Value per Share

The net asset value per share attributable and the net assets attributable at the year end calculated in accordance with the Articles of Association were as follows:

	Net asset value per share attributable 2000	Net asset value per share attributable 1999	Net assets attributable 2000 £000's	Net assets attributable 1999 £000's
Ordinary shares				
- basic	702.7p	429.6p	124,491	145,789
- fully diluted	599.9p	405.6p	129,527	158,895

The movements during the year of the assets attributable to ordinary shareholders were as follows:

Total equity shareholders' funds at the beginning of year	145,789
Total recognised capital gains for the year	60,018
Revenue available for distribution	604
Participating loan notes treated as debt	(36,836)
Return of capital to ordinary shareholders	(44,297)
Capital reorganisation movements on reserve	(2,000)
Exchange differences on currency	1,213
Total equity shareholders' funds at the end of the year	124,491

Basic net asset value per ordinary share is based on net assets attributable to equity shareholders of £124,491,000 (1999:: £145,789,000) and on 17,715,805 (1999: 33,936,363) ordinary shares, being the number of ordinary shares in issue at the year end.

The fully diluted net asset value per ordinary share is calculated on the assumption that the share Warrants in issue are fully exercised at 250p per Warrant. The figure is based on adjusted net assets attributable to equity shareholders of £129,527,000 (1999: £158,895,000) and 21,592,393 (1999: 39,178,908) being the number of converted ordinary shares in issue at the year end. The terms of the Warrant conversion are detailed in note 15.

19 Reconciliation of Movements in Equity Shareholders' Funds

	2000 £000's	1999 £000's
Return on ordinary activities after tax for the financial year	958	1,196
Dividends	(354)	(679)
Transfer to reserves	604	517
Return of capital to shareholders	(50,000)	-
Revaluation of participating loan notes	(4,907)	-
Cancellation of share premium account	(31,929)	-
Costs relating to capital reorganisation	(2,000)	-
Conversion of Warrants	9	-
Gains/losses on investments	67,121	13,867
Exchange gains/losses	(196)	83
	(21,298)	14,467
Opening equity shareholders' funds	145,789	131,322
Closing equity shareholders' funds	124,491	145,789

20 Analysis of Changes in Net Debt

	At 1 July 1999	Other cash flows	Non cash movements	At 30 June 2000
Cash at bank	1,479	4,611	(403)	5,687
Debt due after 1 year	-	(31,929)	(4,907)	(36,836)
	1,479	(27,318)	(5,310)	(31,149)

21 Reconciliation of Operating Net Revenue to Net Cash Flow from Operating Activities

	2000 £000's	Restated* 1999 £000's
Net revenue on ordinary activities before interest and taxation	1,498	1,294
Decrease/(increase) in accrued income	1,947	(1,302)
Increase in other creditors	2,282	26
Increase in other debtors	(6)	(11)
Tax deducted from unfranked investment income	(843)	(503)
Capital reorganisation costs charged to capital	(2,000)	-
Net cash inflow/(outflow) from operating activities	2,878	(496)

*The figures for the year ended 30 June 1999 have been restated in accordance with FRS 16: Current Taxation. See note 2 for further information.

22 Contingencies, Guarantees and Financial Commitments

At 30 June 2000 there were financial commitments outstanding of £77.4million (1999: £44.7 million) in respect of investments in partly paid shares and interests in private equity funds.

23 Analysis of Financial Assets and Liabilities

As detailed on page 4, the primary investment objective of the Company is to seek to maximise long-term capital growth for its shareholders by investing in funds specialising in unquoted investments, acquiring unquoted portfolios and participating directly in private placements. Investments are not restricted to a single market but are made when the opportunity arises and on an international basis.

The Company's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise from its operations, for example sales and purchases awaiting settlement and debtors for accrued income.

The principal risks the Company faces in its portfolio management activities are:

- liquidity/marketability risk;
- interest rate risk;
- market price risk, ie the movements in the value of investment holdings caused by factors other than interest rate movement; and
- foreign currency risk.

The Company has little exposure to credit risk. The Manager monitors the financial risks affecting the Company on a daily basis and the Directors receive financial information monthly which is used to identify and monitor risk.

As required by Financial Reporting Standard No. 13: Derivatives and other financial instruments, an analysis of financial assets and liabilities, which identifies the risk to the Company of holding such items, is given below.

Financial Assets

At 30 June 2000, the Company's investment portfolio amounted to £150,049,000 (1999: £140,696,000) and was split between unquoted securities 93.4% (1999: 55.5%), listed Government securities 2.4% (1999: 43.7%) and listed equities 4.2% (1999: 0.8%). The methods of valuing the fixed asset investments at fair value are discussed in the accounting policies of the Company in note 1 to the financial statements. Cash and trade debtors arising from the operations of the Company as at 30 June 2000 amounted to £5,687,000 and £10,458,000 respectively (1999: £1,479,000 and £4,720,000 respectively)

Liquidity Risk

Due to the nature of the Company's investment policy, the largest proportion of the portfolio is invested in unquoted securities, many of which are less readily marketable than, for example, 'blue-chip' UK equities. The Directors believe that the Company, as a closed end fund with no fixed wind-up date, is ideally suited to making long-term investments in instruments with limited marketability. The investments in unquoted securities are monitored by the Board on a monthly basis.

As discussed in the Manager's Review on pages 8 to 25, there are limited opportunities for the Company to acquire secondary unquoted portfolios due to the cyclical nature of their occurrence. As a result, at times of low investment opportunity, more funds are invested in gilts and other fixed interest government bonds.

It is the nature of investment in private equity that a commitment to invest will be made and that call payments will then be received from the unlisted investee company. These payments are usually on an ad-hoc basis and may be called at any instance over a number of years. In order to cover any contingent liabilities, the Company has entered into a standby facility with The Royal Bank of Scotland. There were no amounts drawn down at 30 June 2000, nor were there any drawings during the year (1999: £nil). The Royal Bank of Scotland has a first charge over the assets of the Company in respect of amounts owing under the facility.

The maturity profile of the Company's financial assets is as follows:

	2000 £000's	1999 £000's
In one year	25,954	29,691
In more than one year but not more than two	-	32,135
In more than two years but less than five	-	6,953
In more than five years	140,241	78,116
	166,195	146,895

23 Analysis of Financial Assets and Liabilities (continued)

Interest Rate Risk

The Company's portfolio of gilts and other government-backed securities will be affected by changes in long-term interest rates. The Directors currently do not believe that long-term trends will act to the detriment of investments of this sort. Alliance Capital Whittingdale Limited (ACWL) provide advice to the Company with regard to the fixed interest and cash portfolio. ACWL are specialists in this field and thus the Directors feel that the advice provided by them will enhance the Company's performance and reduce any aspect of perceived risk.

Short-term debtors and creditors have been excluded from the following analysis in accordance with the provisions of FRS 13.

As at 30 June 2000, the interest rate profile of the Company's financial assets was as follows:

	Fixed rate £000's	Floating rate £000's	No interest rate associated £000's	Fixed interest weighted average interest rate %	Fixed interest weighted average period until maturity Months
Investments					
- UK	2,123	–	35,561	8.0	5
- USA	–	–	88,275	–	–
- Other European	1,459	–	14,313	9.0	7
- Other	–	–	8,319	–	–
Cash					
- UK	–	1,878	–	–	–
- USA	–	2,392	–	–	–
- Other European	–	1,417	–	–	–
	3,582	5,687	146,468		

Exposure to floating interest rate risk is determined by commercial bank rates.

The interest rate profile of the Company's financial assets as at 30 June 1999 was as follows:

	Fixed rate £000's	Floating rate £000's	No interest rate associated £000's	Fixed interest weighted average interest rate %	Fixed interest weighted average period until maturity Months
Investments					
- UK	26,344	–	23,380	8.2	13
- USA	27,302	–	40,807	5.8	12
- Other European	7,781	–	10,928	9.0	15
- Other	–	–	4,154	–	–
Cash					
- UK	–	549	–	–	–
- USA	–	328	–	–	–
- Other European	–	602	–	–	–
	61,427	1,479	79,269		

23 Analysis of Financial Assets and Liabilities (continued)

Market Price Risk

The method of valuation of the fixed asset investments is discussed in detail in the Manager's Review on pages 8 to 25 and also in note 1 to the financial statements on pages 41 and 42. The nature of the Company's fixed asset investments, with a high proportion of the portfolio invested in unquoted securities, means that the investments are valued by the Directors after due consideration of the most recently issued investee company information.

Foreign Currency Risk

Since it is the Company's policy to invest in a diverse portfolio of investments based in a number of countries, the Company is exposed to the risk of movement in a number of foreign exchange rates. A geographical analysis of the portfolio and hence its exposure to currency risk is given on page 15. Although it is permitted to do so, the Company did not hedge the portfolio against the movement in exchange rates during the financial year as there was no significant increase in the perceived risk of exchange rate movement.

The investment approach and the Manager's consideration of the associated risk is discussed in further detail in the Manager's Review on pages 8 to 25. The Company settles its transactions from its bank accounts at an agreed rate of exchange at the date on which the bargain was made. As at 30 June 2000, realised exchange gains of £250,000 (1999: £81,000) and unrealised losses relating to currency of £446,000 (1999: gains £2,000) have been taken to the capital reserve.

An analysis of the Company's exposure to foreign currency is given below:

	2000 Assets £000's	2000 Liabilities £000's	1999 Assets £000's	1999 Liabilities £000's
USA	88,276	-	71,641	-
UK	53,828	41,704	51,790	1,008
Germany	4,389	-	8,404	-
Other European (1)	9,958	-	5,580	-
France	756	-	4,139	-
Other Asia (2)	5,334	-	2,766	-
Japan	2,985	-	1,387	-
Luxembourg	555	-	684	-
Switzerland	-	-	237	-
Netherlands	44	-	203	-
Italy	19	-	64	-
Sweden	51	-	-	-
	166,195	41,704	146,895	1,008

(1)'Other European' assets consist of investment vehicles that are funds themselves, invested in a number of European countries, which are valued in Euro.

(2)'Other Asia' assets consist of similar funds as discussed in (1) above, except that they are invested in Asian countries. Settlements are made from the US Dollar account.

Financial Liabilities

The Company primarily finances its operations through its issued capital, participating loan notes and existing reserves. Financial liabilities of the Company include creditors which are due within one year, as disclosed in note 13. No interest is paid on these liabilities and they are all in sterling. In addition 6,224,421 participating loan notes were issued during the year. Note holders are entitled to interest equal to the net dividend paid to ordinary share holders. PLNs are redeemable at the option of the Company at six monthly intervals commencing on 14 August 2001.

24 Related Party Transactions

The Manager, Pantheon Ventures Limited, is regarded as a related party of the Company. Mr R.M. Swire, a Director of the Company, is a director and shareholder in Pantheon Holdings Limited, the holding company of Pantheon Ventures Limited.

Alliance Capital Whittingdale Limited (formerly Whittingdale Limited) provide the Company with advice in respect of fixed interest securities and foreign currency under an agreement dated 6 November 1998.

Mr J.P.A. Readman, a Director of the Company, acts as an Advisor to Alliance Capital in New York, which is the holding company of Alliance Capital Whittingdale Limited.

The amounts paid to the Manager and Investment Advisor are disclosed in the Directors' Report on page 34 and in note 3.

TAX EFFECT OF THE REORGANISATION

Reorganisation of Capital - Return of Cash

As described in the Circular dated 31 March 2000, part of the recent reorganisation of the Company included a return of cash by means of the Court sanctioned reduction of capital at a price of 500p per share cancelled.

Also described in the Circular, the directors were to agree with the Inland Revenue the amount of this payment that would be capital. (Paragraph 10.3 Part VII, page 61 of the Circular).

Return of Capital

The Inland Revenue have confirmed that 54.98p per share will be treated as a return of capital (the Capital Amount). There will be no tax consequences in relation to the Capital Amount as it will not be treated as giving rise to a gain for UK capital gains tax purposes.

Income Distribution

The remaining 445.02p per share cancelled will be treated as a distribution made to shareholders by the Company (the Distribution Amount) and will, depending on personal circumstances, be subject to income tax.

Income tax will be charged on the Distribution Amount. That is, for a payment of 445.02p there will be a tax credit of 49.45p. Income tax will be charged on the Distribution Amount plus this tax credit - i.e. 494.47p (the Gross Payment).

If a shareholder is a lower or basic rate taxpayer, the rate of tax will be 10 per cent. The tax credit will equal the amount of your liability to tax on the payment made to you.

If the shareholder is a higher rate taxpayer, the applicable rate of income tax will be 32.5 per cent. The tax credit will equal part of the liability to tax on the payment made to shareholders and it will be necessary to pay tax equal to 22.5 per cent of the Gross Payment (or 25 per cent of the Distribution Amount - i.e. 111.255p per share).

The Gross Payment must be included in the calculation of taxable income for the tax year 2000 - 2001. It is possible, depending on personal circumstances that this will result in the shareholder becoming a higher rate taxpayer. The amount received should be treated as the top slice of income and therefore part of the amount taxed at the higher rate and part taxed at the basic rate.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Pantheon International Participations PLC will be held at Chatham House, 10 St James' Square, London SW1Y 4LE on Thursday, 23 November 2000 at 12.00 noon for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 30 June 2000.

2. To declare a first and final dividend of 2.0 pence per ordinary share in respect of the year ended 30 June 2000.

3. To re-elect Mr L.G. Stopford Sackville as a Director.

4. To re-elect The Hon. R.M.O. Stanley as a Director.

5. To elect Mr R.J. Crowder as a Director.

6. To re-appoint the Auditors, RSM Robson Rhodes, and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution.

THAT:

(A) the Directors be generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities up to but not exceeding an aggregate nominal amount of £3,956,529 provided that this authority shall (unless previously renewed, revoked or varied by the Company in general meeting) expire at the conclusion of the period commencing with the date hereof and expiring at the conclusion of the Annual General Meeting next following the passing of this Resolution or the date occurring fifteen months from the date hereof whichever is the earlier (the "period of authority") save that the Company may before the expiry of the period of authority make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired and all other unexercised authorities granted to the Directors pursuant to Section 80 of the Act be and are hereby revoked; and

(B) words and expressions defined in or for the purposes of the Act shall bear the same meaning in this Resolution.

To consider and, if thought fit, pass the following resolutions numbered 8 and 9 respectively which will be proposed as special resolutions.

8. THAT:

(A) subject to the passing of Resolution 7 above the Directors be empowered pursuant to Section 95 of the Act to allot equity securities for cash pursuant to the general authority conferred upon them under Resolution 7 above as if Section 89(1) of the Act did not apply to any such allotment and that the power conferred by this Resolution 8 shall enable the Company to make any offer or agreement before the expiry of the period of authority as defined in Resolution 7 which would or might require equity securities to be allotted after the expiry of such period and so that notwithstanding such expiry the Directors may allot equity securities pursuant to any such offer or agreement previously made by the Company as if the power conferred hereby had not expired, provided however that the power conferred by this Resolution 8 shall:-

(a) be limited:

(i) to the allotment of equity securities in connection with or pursuant to any arrangement whereby the holders of shares at a record date or dates adopted for the purposes of the arrangement are entitled to acquire any shares of the Company issued for cash pursuant to such arrangement, in proportion (as nearly as may be) to such holders' holdings of shares (or, as appropriate, to the numbers of such shares which such holders are for this purpose deemed to hold) subject to such exclusions or other arrangement as the Directors may consider necessary or expedient to deal with fractional entitlements, statutory restrictions or legal or practical problems under or resulting from the apparent application or application of the laws of any territory or the requirements of any recognised regulatory body or stock exchange in any territory; and

(ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities having an aggregate nominal value not exceeding £593,479 being 5% of the issued ordinary share capital shown by the latest published audited financial statements of the Company; and

(b) expire at the conclusion of the period of authority (as defined in Resolution 7) except to the extent that the same is renewed or extended on or before that date; and

(B) words and expressions defined in or for the purposes of the Act shall bear the same meaning in this Resolution.

9. THAT the Company be and it is hereby authorised in accordance with Section 166 of the Companies Act 1985 to make market purchases (within the meaning of Section 163 of the said Act) of ordinary shares provided that:

(i) the maximum number of shares hereby authorised to be purchased is 2,655,599 (representing 14.99% of the Company's ordinary share capital);
(ii) the minimum price which may be paid for a share shall be 67 pence;
(iii) the maximum price which may be paid for a share shall be not more than 5% above the average of the market value of the shares for the 5 business days before the purchase is made; and
(iv) unless renewed, varied, or revoked, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2001 or, if earlier, 15 months from the date of the passing of this resolution save that the Company may, prior to such expiry, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry and may make a purchase of shares in pursuance of any such contract.

Dated 26 September 2000

23 Cathedral Yard
Exeter
Devon EX1 1HB

By order of the Board
Sinclair Henderson Limited
pp Secretary

Notes:

1. A member entitled to attend and vote at this meeting may appoint one or more proxies to attend and vote in his or her stead. A proxy need not also be a member of the Company. A form of proxy is provided with this notice. Lodgement of the form of proxy will not preclude a shareholder from attending the meeting and voting in person. To be effective, forms of proxy, together with the power of attorney or other authority (if any) under which it is executed, or a notarially certified copy of such power or authority, must be lodged with the Company's Registrar, Lloyds TSB Registrars Scotland, at 117 Dundas Street, Edinburgh EH3 5WY, not less than 48 hours before the time appointed for holding the meeting.

2. The Company, pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, has specified that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on Tuesday, 21 November 2000 shall be entitled to attend or vote at the aforesaid Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.00 p.m. on 21 November 2000 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

3. The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Saturdays and Public Holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes prior to and during the meeting:

(a) a statement of all transactions of each Director and of their family interests in the share capital of the Company;

(b) the Articles of Association.

4. None of the Directors has a contract of service with the Company.