Pantheon International Participations PLC
Annual Report and Accounts 2010

PIP primarily invests in a diversified portfolio of private equity funds across the world.

The Manager, Pantheon Ventures Limited ("Pantheon"), is one of the world's foremost private equity specialists. With nearly 30 years' experience, and a team of over 65 investment professionals, Pantheon is well positioned to guide PIP towards its objective of maximising capital growth.

< COVER PHOTOGRAPH:

BAHAMAS
As the tide recedes, the clear blue water of the Bahamas flows down tidal channels into deeper basins such as the great tidal creek near Long Island.

Contents

Financial Summary

Highlights	30TH JUNE 2010	30TH JUNE 2009	CHANGE
Summary of results			
NAV per share	**958.7p**	773.6p	23.9%
Net assets	**£636.5m**	£513.6m	23.9%
Ordinary shares			
Share price	**486.0p**	295.3p	64.6%
Discount to NAV	**49.3%**	61.8%	
Redeemable shares			
Share price	**550.0p**	350.0p	57.1%
Discount to NAV	**42.6%**	54.8%	
Investment activity			
Invested in private equity assets	**£67.3m**	£157.2m	
Received from private equity assets	**£72.5m**	£86.1m	

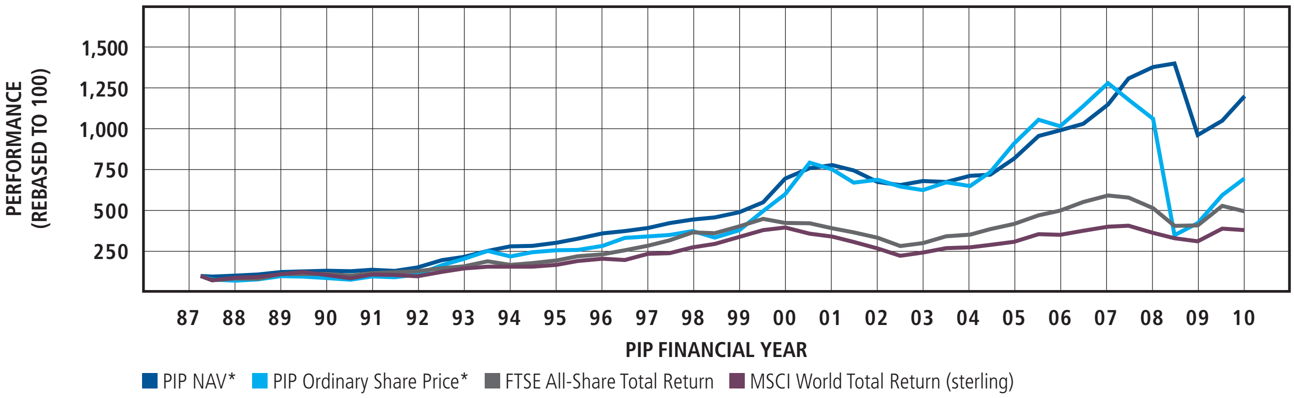
Performance	1 YEAR %	3 YEARS % P.A.	5 YEARS % P.A.	10 YEARS % P.A
NAV per share	23.9	1.4	7.8	5.5
Ordinary share price	64.6	(19.1)	(5.7)	1.4
FTSE All-Share Total Return	21.1	(5.7)	3.5	1.6
MSCI World Total Return (sterling)	21.9	(1.8)	4.3	(0.4)

PIP was launched on 18th September 1987. £1,000 invested at inception, assuming reinvestment of dividends and capital repayments, would have been worth £6,950 at 30th June 2010.

Capital Structure

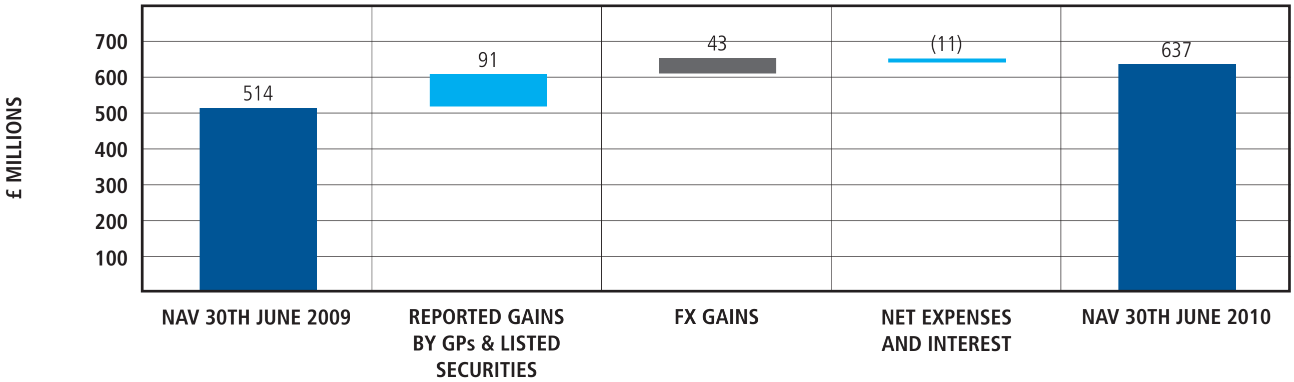
Ordinary shares	37,521,013
Redeemable shares	28,871,255
Total	66,392,268

Historical Record



** Includes the effects of dividends and capital repayments*

NAV Movement



The above chart reconciles the opening and closing NAV for the 12 months to 30th June 2010.

Historical Data

	NAV* (£M)	NAV PER SHARE (PENCE)	ORDINARY SHARE PRICE (PENCE)	PRIVATE EQUITY PORTFOLIO (£M)	OUTSTANDING COMMITMENTS (£M)
Financial year end (30th June):					
2010	636.5	958.7	486.0	763	331
2009	513.6	773.6	295.3	648	428
2008	736.1	1,108.7	750.0	806	641
2007	610.3	919.2	917.5	527	528
2006	441.0	796.8	726.5	372	365
2005	381.5	657.9	650.5	315	245
2004	245.2	572.5	463.0	233	137
2003	220.9	546.8	447.0	237	158
2002	196.4	541.6	486.5	175	138
2001	206.1	669.1	574.0	201	138
2000	161.3	599.9	457.5	140	77
1999	145.8	405.6	302.5	78	45
1998	131.3	368.6	294.5	79	50
1997	116.8	328.4	270.0	73	47
1996	106.2	302.5	225.0	48	25
1995	86.9	255.1	207.5	33	8
1994	47.4	239.6	176.5	42	7
1993	30.8	195.5	172.5	28	1
1992	21.3	139.7	93.5	28	0
1991	21.0	129.1	86.5	31	1
1990	20.2	126.7	80.5	32	2
1989	16.7	120.9	95.0	25	2
1988	12.4	102.5	75.0	2	0

** Includes participating loan notes in issue between 2000 and 2004.*

Chairman's Statement

I am pleased to report that PIP's net asset value ("NAV") per share increased by 24% to 958.7p in the 12 months to 30th June 2010. Investment gains accounted for over two-thirds of the increase, with most of the remainder attributed to currency movements. The investment gains were driven by the recovery of global stock markets coupled with improvements in earnings at many of our underlying portfolio companies.

The Company's share price increased by 65% in the year under review, due to both NAV performance and a reduction of the discount from 62% to 49%. Whilst this discount reduction is welcome, we believe that market sentiment doesn't acknowledge the renewed strength of the Company's balance sheet and the recent improvement in economic fundamentals which benefits our underlying companies. The Board and the Company's management regard the excessively high discount as unsatisfactory and are reviewing potential ways of addressing this issue.

We are seeing evidence of relatively strong earnings growth in our portfolio, as our underlying portfolio company managers have worked to ensure efficiency savings through rationalised cost structures. This is supported by an analysis of our largest buyout funds, which is discussed in more detail in the Manager's Review. This strengthens the Board's belief that our underlying buyout managers have, on the whole, been adept at guiding their portfolio companies through the financial crisis. In addition, the review of our largest buyout funds indicates that leverage may not be as high as many commentators had expected.

Distributions have exceeded calls in each of the past three quarters, and many of these have been executed at uplifts to carrying value. Undrawn commitments were £331m at 30th June 2010, and were covered by the Company's portfolio assets and available financing by a healthy multiple of 2.8 times. The Board is confident that the Company has sufficient financing in place to meet future cash flow requirements from existing commitments. Furthermore the increasing maturity of the portfolio brings nearer the point at which the Company can begin to make new commitments.

Performance and Investment Activity

In the 12 months to 30th June 2010 the NAV increased by £123m. Reported gains in unlisted and listed securities amounted to £91m. An additional £43m gain was due to the effects of foreign exchange movements on the Company's portfolio and cash balances. These gains were partially offset by interest and expenses.

Net cash inflow from investments was £6m in the 12 months to 30th June 2010, compared with a net cash outflow of £71m in the previous year.

Distributions in the period were £73m, accounting for 11% of opening private equity assets. The Company received distributions from more than 300 funds, demonstrating that a well diversified portfolio can generate a good level of distribution activity even when exit markets have not yet fully recovered.

Investment activity has been at relatively subdued levels, with calls totalling £67m in the 12 months to 30th June 2010.

Commitments

The Company made no new commitments in the 12 months to 30th June 2010. The Company will continue to invest via its current undrawn commitments which, through drawdowns and currency movements, decreased during the year by £97m to £331m.

Market and Portfolio Review

The 12 months to 30th June 2010 has seen a recovery in the global economy, driven primarily by demand in emerging markets. Western economies, which have been the most severely hit by the de-leveraging process, have responded to the unprecedented injections of government funding designed to stimulate economic growth. The stabilised economic environment has led to improved investor sentiment and rising stock market indices. However, concerns still remain over levels of government and consumer debt in many western economies, and in particular, how GDP growth will be impacted by tax increases and cuts in public sector spending. Of particular concern are European nations with large budget deficits, who may find it difficult to maintain growth in the coming years.

In the year under review, the private equity market has seen an increase in distribution activity, driven predominantly by sales to trade buyers, and to a lesser degree, an increase in IPO activity. The improvement in the economic environment allied to increased earnings visibility has provided buyers with more assurance on valuations. In addition to increased exit activity, we have also seen evidence that distributions, on the whole, have not only been profitable in terms of multiple of original cost, but in many cases have also been executed at uplifts to portfolio value. It is encouraging to know that private equity managers can still realise value even in the most challenging environments.

Private equity funds tend to realise the majority of their assets between the 5th and 9th years of their lives, as managers look to exit profitable investments before the end of the fund's life (typically 10 years). PIP, with a weighted average vintage age of 6.5 years, is moving into what typically could be a cash-generative phase over the coming years.

Investment activity in the industry remained at a relatively low level throughout much of the year under review, before picking up somewhat in the final quarter. Although there has been an improvement in the availability of credit, particularly in the US market, the financing of large deals in particular is proving to be difficult, with many transactions taking place at lower debt multiples and with a higher proportion of equity in the deal structure. Even though the debt market is yet to fully recover, deal volumes seem to be trending upwards and we expect to see an increase in investment levels, especially as many private equity managers still have substantial undrawn commitments with which to finance future investments.

Buyout assets, which are valued with reference to listed market comparables, have benefited from increases in stock markets during the 12 months to 30th June 2010, with the MSCI World Total Return (sterling) and FTSE All-Share Total Return indices up 22% and 21% respectively. In addition, the focus of buyout firms on reducing costs and managing debt has helped to enhance value. It is our belief that many of these assets, now with leaner cost structures, will be in a good position to benefit from any further recovery in the economic environment. As with buyout assets, the venture and growth stage has also benefited from the recovering economy. Furthermore, venture and growth performance has been aided by a substantial pick-up in the venture-backed exit markets, driven particularly by cash-rich trade buyers.

The majority of PIP's buyout exposure is to companies in the small and mid-sized range, which tend to have lower levels of debt than is associated with large and mega transactions. Approximately a third of the Company's investments are comprised of venture and growth assets, which typically utilise little or no debt. Consequently, the overall underlying leverage of the Company's portfolio is moderate in the context of buyout debt levels associated with the transactions executed at the peak of the buyout market. This is supported by the average debt multiples of our largest buyout managers, illustrated in the Manager's Review.

The diversification within PIP's portfolio, with assets spread across buyout, venture and growth and special situations stages, helps to reduce volatility of both returns and cash flows. The maturity profile of the portfolio ensures that PIP is not overly exposed to any one vintage. It is worth pointing out that investments made in large and mega buyouts in the 2005–2007 vintages, when prices and leverage were considered to be at their peak, represent only 13% of PIP's portfolio. Furthermore, our geographical diversification extends our exposure beyond the USA and Europe, to regions with faster economic growth such as Asia. As such, the Company offers a genuinely global, diversified selection of private equity assets, managed by high quality managers.

Chairman's Statement

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Capital Structure and Financing

At 30th June 2010, PIP had £178m of available financing, comprising £6.4m of cash, £71m of unutilised bank loan facility and £100.5m of unutilised standby financing. Together with any distributions received during the coming year from the Company's portfolio of assets (£763m), liquid financial resources are confidently expected to be sufficient to meet calls arising from outstanding commitments (£331m).

In February 2010 the Company announced the re-denomination of its £150m revolving credit facility into dollars and euros to better match the foreign exchange profile of its future cash requirements.

In December 2008, PIP issued £49.5m of unsecured subordinated loan notes (the "Notes") to institutional investors who had previously entered into "standby" agreements to subscribe, if called upon by PIP to do so, for new redeemable shares. In the event of a drawdown by the Company under a "standby" agreement from an institutional investor who is a Noteholder, the Company shall repay an equivalent amount on the Notes held by such investor (or such lesser amount as is outstanding). The Company has commitments from institutional investors under "standby" agreements to subscribe a total of £150m for new redeemable shares.

After the financial year end a further £51m of Notes were issued to ensure the Company has sufficient liquidity to meet an expected increase in call activity in the coming year. This takes the total Notes outstanding to £100.5m.

Ownership of the Manager

Affiliated Managers Group, Inc. ("AMG"), alongside senior members of the Pantheon team, acquired Pantheon, the Company's Manager in 2010. The new ownership structure, with Pantheon senior management owning a meaningful share of the equity in the business, provides a framework for long-term succession and enables Pantheon management to continue to direct the firm's day-to-day operations. AMG is a global asset management company with equity investments in leading boutique investment management firms.

Outlook

We are entering the Company's 24th financial year with cautious optimism. Private equity firms have on the whole strengthened many of their portfolio companies during the financial crisis, through focused cost management and financial restructuring. As a result, they should be in a better position to benefit from any economic recovery.

That said, the risks of subdued economic growth or even a double dip recession still remain, especially in Europe and the USA, where issues surrounding the significant levels of government debt and the effects of fiscal tightening could act as a drag on economic growth. In the event of the economic environment worsening, our diversified portfolio should be well placed to limit the impacts of underperformance on any particular stage, region or sector. In addition, the effect of leverage at the underlying company level is mitigated by our focus on mid-market buyouts and venture and growth stages.

Investment activity has picked up recently, and this trend is expected to continue. We expect that the majority of our calls in the coming financial year will be used to finance new investments. Consequently, our undrawn commitments will ensure that PIP's portfolio continues to develop throughout the economic cycle.

The effect of decreasing our commitments to new funds over the past two years means the average maturity of our portfolio has increased to 6.5 years. The enhanced cash flow potential from a more mature portfolio brings nearer the point at which the Company will have sufficient financing available to make new commitments. It is the Board's intention to prioritise any new commitments on opportunities in the secondary market.

TOM BARTLAM
Chairman
12th October 2010

> PHOTOGRAPH RIGHT:

THE RIVER KÖSSEIN
In winter, the dark waters of the meandering river are in sharp contrast to the white snow mantle. The shadows of the leafless black alders on its banks draw a filigree pattern on the snow.

The Manager's Review

Market Review

Private equity markets have seen an increase in new investment activity in the 12 months to 30th June 2010, driven by improvements in the availability of debt and stronger economic fundamentals. In addition, the level of realisations has shown signs of a recovery, albeit from a very low base, driven in particular by increases in acquisitions by cash-rich trade buyers. Both investment and realisation activity remain low relative to previous economic cycles, and there is considerable scope for call and distribution rates to increase if the economic environment and investor sentiment continue to recover.

USA and Europe

Buyout Market

Buyout investments in the USA have recovered strongly during the year. Investment activity in the first half of 2010, measured by deal activity, was up nearly 200% relative to the same period in the previous year. This increase, albeit from a low base, is mainly due to the improvement in the availability of debt. The June quarter of 2010 was particularly strong in the USA, indicating that the pick-up in activity could continue into the remainder of the year.

The European buyout market experienced a similar increase in activity. As with the USA, this increase was driven primarily by improvements in local debt markets and the wider economy. Activity on both sides of the Atlantic is still well below what is considered to be "normal" levels, and further substantial improvements in the debt markets would be necessary for buyout activity to recover to pre-crisis levels. It should be noted that concerns over high levels of government debt in Europe, and the impacts of necessary fiscal tightening on growth, unsettled the market in the second quarter of 2010. Consequently, European buyout activity was more subdued relative to that in the USA towards the end of the period under review.

Buyout realisation activity also posted something of a recovery during the 12 months to 30th June 2010. The global volume of private equity exits nearly doubled on a year-on-year basis in the first half of 2010, as the economy showed signs of recovery and earnings visibility increased. In particular, trade sales picked up in the second half of 2009 as cash-rich corporations looked to make strategic acquisitions in the more favourable economic environment. In addition, the first half of 2010 saw an increasing number of secondary buyouts, a trend which could continue as private equity funds look to invest the large quantities of capital raised before the financial crisis.

Venture and Growth Market

As with the buyout market, there has been a recovery in venture and growth activity during the period under review. In the first half of 2010, investment activity in the USA increased by 50% on a year-on-year basis. This increase was lower than the buyout market, probably due to the fact that the venture and growth market is less reliant on debt, and as such, activity levels did not drop as dramatically during the financial crisis or recover as quickly. Venture and growth investment is still focused on the traditional information technology, health care and life science sectors, although an increasing proportion is now being invested in clean energy to capitalise on concerns over climate change and the desire of many western economies to become more self-sufficient in terms of energy management.

Venture and growth realisation activity is driven primarily by the M&A and IPO markets. The volume of venture and growth backed M&A deals in the USA, where the majority of PIP's venture and growth investments are based, was up 64% year-on-year in the first half of 2010. Many of the large technology firms went into the financial crisis with high levels of cash and strong balance sheets. Consequently, they have the ability to strategically acquire desirable assets, operating in cutting edge fields, to bolster research and development programmes and to enhance product offerings. The first quarter of 2010 saw the all time highest number of venture and growth-backed M&A deals in the USA, and we are hopeful that these significant levels of activity will continue into the coming year.

The IPO market has also seen recovery, although from an exceptionally low base. There were 33 venture and growth-backed IPOs in the USA in the 12 months to 30th June 2010, up from only 6 in the previous period. The June quarter in particular saw a marked uptick in activity, with 17 venture and growth-backed IPOs. These figures, allied to a healthy pipeline of scheduled offerings in the coming quarters, show encouraging signs that the IPO could soon return as a viable and consistent method of exit for venture capital and growth equity firms. However, the state of the IPO market is extremely dependent on investor sentiment, and as such, any recovery could be cut short by deterioration in economic fundamentals or stock market volatility.

Asia

Asian private equity is predominantly comprised of firms investing in regional or country specific small/mid-sized buyout deals and growth equity (acquisitions of non-controlling stakes in established and growing businesses). Consequently, Asian private equity-backed companies went into the financial crisis with relatively low levels of leverage. This, allied to the resilience of economic growth in economies such as China and India, resulted in lower volatility in the region's private equity activity relative to the USA and Europe.

The potential for continued economic growth with increases in consumer wealth and spending make Asia an attractive prospect for private equity investors. A significant number of Asian companies with strong operational capabilities, in comparatively mature markets, such as Australia, Japan and South Korea, need to sell subsidiaries due to financial stress or inefficient ownership by conglomerates. This provides an opportunity for financial investors with a strong local presence to make control investments that combine a capital infusion with a change in ownership control and managerial restructuring. We are seeing increasing numbers of professional managers in Asia who are experienced in sophisticated management practices, thereby deepening the local management talent pool and increasing the availability of top-class business leaders in the region.

The economies, laws and cultures of the different countries within the region can vary dramatically. In order to fully capitalise on opportunities in Asian private equity, it is necessary to invest with firms who have a deep knowledge, understanding and experience of the region, combined with the local presence to maximise access to the best companies and managers.

Secondary Market

Deal flow in the secondary market was relatively subdued in 2009, as potential sellers waited for discounts (the difference between transaction price and NAV) to narrow. However, 2010 has seen a significant pick-up in deal flow, as pricing has improved and buy and sell side expectations have become more aligned. In addition, many banks are coming under increasing pressure from regulators to reduce private equity assets, or alternatively, hold more capital to offset the risks of holding private equity assets on their balance sheets. This has already had a positive impact on deal flow, and we expect the trend to continue. Improved earnings visibility and rising public markets have led to stronger levels of demand from secondary buyers. These factors, in addition to pent-up market appetite for secondary deals, could lead to stronger deal flow and a higher rate of transactions in the coming quarters.

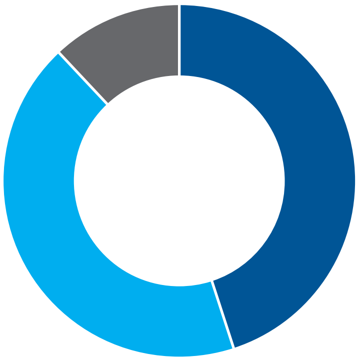
It remains a key objective for the Company to be able to resume its secondary investment programme at the earliest opportunity.

Investments Called in the Year to 30th June 2010

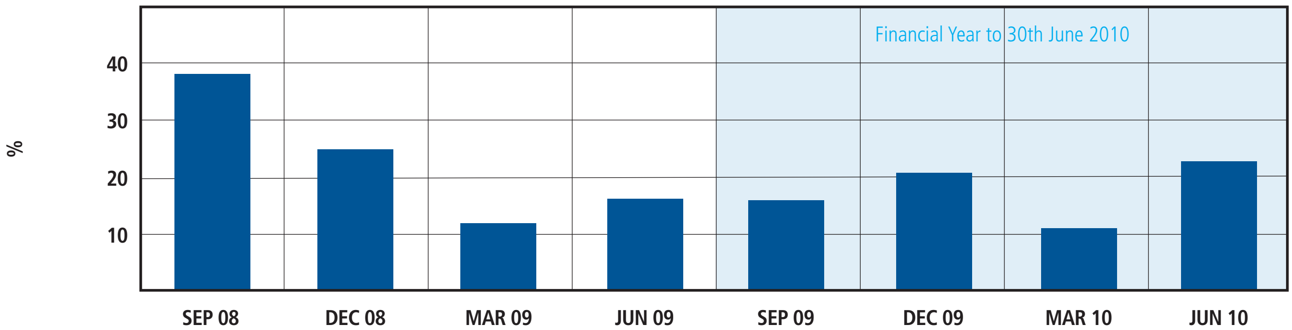
New investments financed during the year ranged across a multitude of sectors and regions, from telecommunications firms to clothing manufacturers, energy companies to residential care providers and from internet companies to firms operating on the cutting edge of the life sciences industry. Further investments will be made in the coming year via the Company's undrawn commitments of £331m, ensuring that the portfolio continues to invest throughout the economic cycle.

Calls

PIP paid £67m in calls during the year to 30th June 2010, equivalent to approximately 16% of opening undrawn commitments. This was substantially lower than historical norms, and there is evidence that this rate is picking up.



Quarterly Call Rate (Annualised)[1]



Activity levels picked up throughout the year with the exception of the March 2010 quarter. The final quarter of the financial year saw a significant uptick in investment.

[1] *Call rate equals calls in period divided by opening undrawn commitments.*

Below we disclose the largest 50 calls during the year. Where information on the calls was available (excluding fund-of-funds), more than 80% were made to fund buy and build strategies or investments new to the portfolio.

Largest 50 Calls During the Year to 30th June 2010

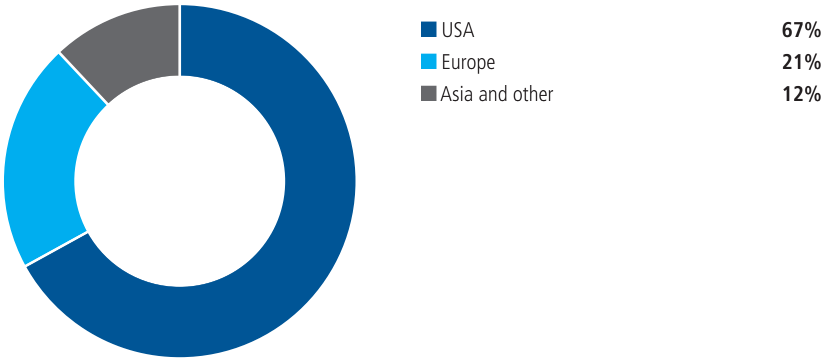
COMPANY / VEHICLE	DESCRIPTION	CALLS £M
Monteverdi	Global group of funds focused primarily on venture and growth	**2.8**
2e2	Provide IT solutions and managed services	**1.8**
Invitel	Telecoms company based in Hungary	**1.2**
Lantiq	Broadband and voice telephony semiconductor solutions	**1.1**
Aquafil	Produce fibres for textile flooring	**1.1**
Eddie Bauer	Produce outdoor clothing	**0.9**
Wilton Group/La Toulousaine	Wilton Group provide technical support services for UK offshore oil and gas industries. La Toulousaine manufacture metallic gates, doors etc	**0.8**
Odlo Sports Group	Manufacture functional sportswear	**0.7**
Chamilia	Personalised jewellery manufacturer	**0.7**
Aerocan/La Toulousaine	Aerocan manufacture aluminium aerosol cans. La Toulousaine manufacture metallic gates, doors etc	**0.7**
Netsmart Technologies	Supply software for health and human service providers	**0.7**
Various companies	Two companies providing heating and ventilation systems. One company providing fire extinguishing products	**0.7**
Premium Communications / FPEE	Premium provide customer care solutions. FPEE manufacture PVC and aluminium windows	**0.6**
Atrium Windows	Vinyl and aluminium window manufacturer	**0.6**
Education company	Provide university preparation, language and vocational courses to international students	**0.6**
Papillon Partners	Group of secondary venture and growth, buyout and special situations funds based primarily in USA	**0.6**
Starbev	Brewer based in Eastern Europe	**0.6**
E-commerce company	E-commerce payment services	**0.5**
Sterilin	Manufacture single use plasticware for use in life science industry	**0.5**
Granite Global Solutions	Provide risk mitigation services to insurance and corporate clients	**0.5**
Bankrate	Internet based consumer banking and personal finance network	**0.5**
Clover Technologies / West Point Products	Both companies collect and recycle printer cartridges	**0.5**
Autotrader.com	Automotive shopping and advertising website	**0.5**
Various companies	A wireless tower company and a messaging solutions company	**0.5**
Various Russian companies	Range of companies related to the internet, energy and construction sectors	**0.5**
Spotless Group	Manufacturer of branded laundry care, insecticides and household cleansing products	**0.5**
Various Russian companies	Range of companies related to software, energy and construction sectors	**0.5**
Office Depot / BDR Thermea	Office Depot supplies office products and services. BDR Thermea is a manufacturer of heating products	**0.4**
Zale	Jewellery retailer	**0.4**
Voyage Holdings	Community-based residential care for people with learning difficulties	**0.4**
Two Russian companies	An internet company and an energy company	**0.4**
Profi Rom Food Group	Chain of supermarkets in Romania	**0.4**
UPC Slovenia	Cable TV business in Slovenia	**0.4**
Various companies	Companies operating in real estate, banking and air conditioning equipment markets	**0.4**
FutureLAB/ Synlab	Both are laboratory service providers	**0.4**
Falcon	Telecoms, TV and radio broadcasting services	**0.4**
Smulders Group	Steel construction group	**0.3**
Various companies	Commercial bank and homeowner insurance provider	**0.3**
LyondellBasell Industries	Chemical company	**0.3**
QuadraMed Corp / T-System	QuadraMed Corp provide clinical, financial and health information management services for hospitals. T-System provide emergency department clinical documentation tools	**0.3**
Pantheon Asia Vehicles		
PASIA IV and V (10 calls)	Two primary fund-of-funds focusing on buyout and venture and growth funds based in Asia	**7.1**
TOTAL		**£33.1m**
COVERAGE OF TOTAL CALLS		**49%**

Distributions in the Year to 30th June 2010

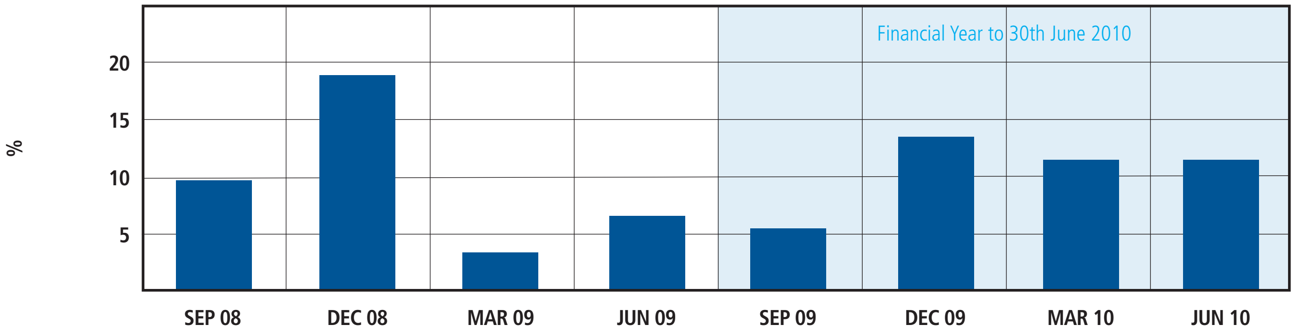
PIP received distributions from more than 300[1] funds, with many at significant uplifts to carrying value, highlighting that a well diversified, mature portfolio can generate significant realisation activity, even during tough market conditions.

Distributions

PIP received £73m in proceeds from the portfolio during the 12 months to 30th June 2010, equivalent to approximately 11% of opening private equity assets.

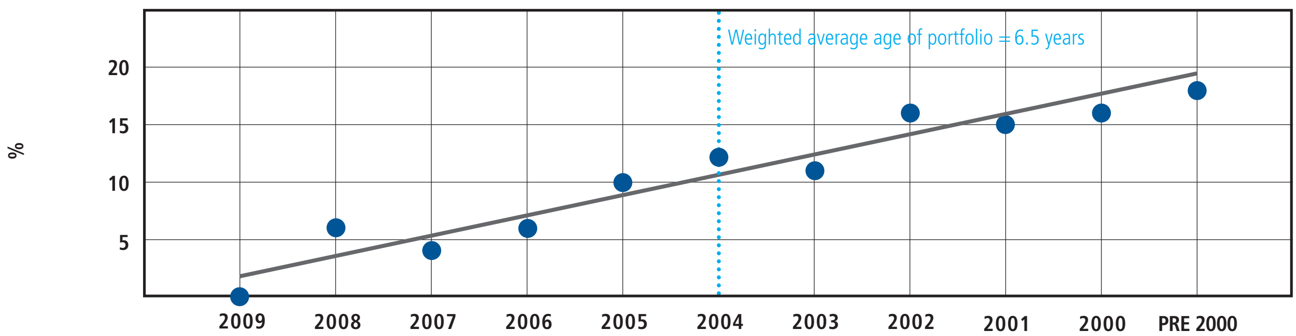


Quarterly Distribution Rate (Annualised)[2]



In the year to 30th June 2010, annualised distribution rates picked up in the December quarter, before stabilising at around 11% in the last 6 months. However, distributions in the year remained at a lower level than PIP has experienced throughout its history, with the exception of 2009.

Distribution Rate[2] in the Year to 30th June 2010 by Fund Vintage



Mature vintages tend to distribute at higher rates, due to the fact that the underlying managers of mature funds have had time to implement changes in their portfolio companies and prepare them for exit.

[1] This figure looks through fund-of-funds. [2] Distribution rate equals distributions in period divided by opening portfolio value.

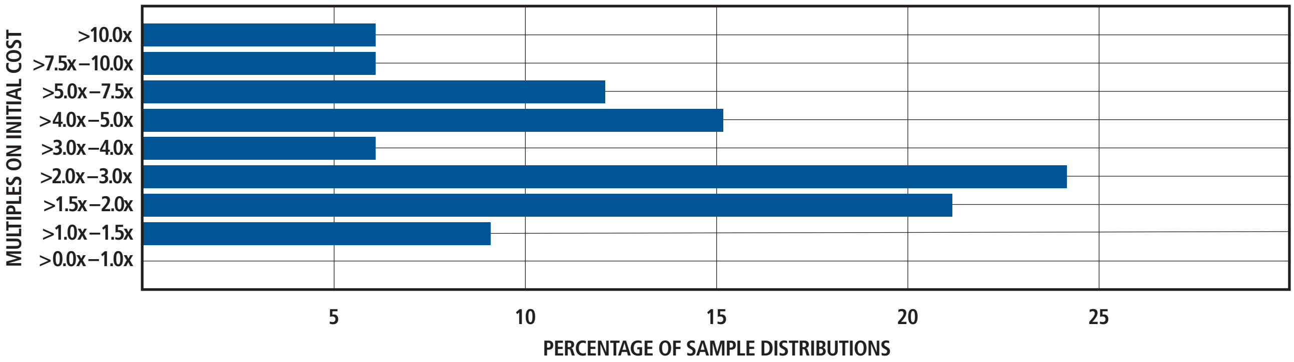
Largest 50 Distributions During the Year to 30th June 2010

COMPANY / VEHICLE	DESCRIPTION	DISTRIBUTIONS £M
GSI Commerce	Provide a suite of e-commerce and multichannel solutions	**3.9**
Monteverdi	Global group of funds focused primarily on venture and growth	**3.5**
Cavium	Provide semiconductor products for networking, communications and connected home applications	**1.9**
Klee Asia Fund I	Group of secondary venture and growth, buyout and generalist funds based in Asia	**1.5**
Sabrix	Provide transaction tax management software applications and related services	**1.4**
BuscaPe.com	Provide online comparison shopping services	**1.2**
Klee Europe Fund II	Group of secondary buyout funds based in Europe	**1.1**
Papillon Partners	Group of secondary venture and growth, buyout and special situations funds based primarily in the USA	**1.0**
Guardium	Provide solutions for monitoring access to high-value databases	**1.0**
British Car Auctions	Vehicle re-marketing business	**1.0**
RiskMetrics Group	Provide risk analytics and information processing to the global financial services community	**0.9**
PASIA II	A primary fund-of-funds focusing on buyout and venture and growth funds based in Asia	**0.8**
Cavium	Provide semiconductor products for networking, communications and connected home applications	**0.8**
Teridian Semiconductor / Express	Teridian manufacture advanced integrated circuits. Express is a clothes retailer	**0.7**
Novarra	Provide next-generation mobile internet solutions	**0.7**
Tommy Hilfiger	Designer apparel group	**0.7**
COA Solutions	Provide software solutions.	**0.7**
Free & Clear / Visiogen	Free & Clear specialise in online learning with phone-based cognitive behavioural coaching. Visiogen develop implantable devices to improve vision impairment	**0.7**
Various companies	Firms operating in the pharmaceutical, health care products and cable media industries	**0.7**
United Malt Holdings	Produce malt for use in the brewing and distilling industries	**0.6**
Papillon Partners	Group of secondary venture and growth, buyout and special situations funds based primarily in the USA	**0.6**
MessageLabs	Provide online messaging and web security services	**0.6**
Nova Analytics	Instrumentation company focusing on the laboratory, field and on-line liquids analysis markets	**0.6**
Silver Cup Partners	Group of secondary buyout funds based in the USA	**0.6**
Apatech	Develop, manufacture, and market synthetic bone graft materials for use in spinal and orthopaedic surgery	**0.6**
Secondary Interests I Limited	Group of secondary growth funds based primarily in Asia	**0.6**
Klee Europe Fund II	Group of secondary buyout funds based in Europe	**0.5**
Various companies	Clothing, retailers and credit investment company	**0.5**
Longhorn Pipeline	Oil pipeline company	**0.5**
Cavium	Provide semiconductor products for networking, communications and connected home applications	**0.5**
Software company	Provide software enabling messaging, conferencing and email over the internet solutions	**0.5**
Deb Group	Manufacture hand hygiene and cleaning products	**0.5**
Nimsoft	Provide IT performance and availability monitoring solutions for emerging enterprises and managed service providers	**0.5**
Hudson Energy Services	Energy services company	**0.5**
Financial Software & Systems Private Limited	Provide systems integration services and software to the banking sector	**0.5**
Various companies	Firms providing wireless mobility products, equipment rental and independent financial advice	**0.4**
Energy company	Provide natural gas producers with midstream services linking the wellhead to the market	**0.4**
Odin Partners	Group of secondary venture and growth, buyout and special situations funds based primarily in the USA	**0.4**
Klee Europe Fund I	Group of secondary buyout and venture and growth funds based in Europe	**0.4**
Various companies	Three technology companies	**0.4**
Omniture	Online business optimisation service	**0.4**
Nationwide Autocentres	Provide automotive mechanical repair, servicing and MOT tests	**0.4**
Klee USA Fund I	Group of secondary venture and growth and buyout funds based in the USA	**0.4**
Sturm Foods	Dry grocery manufacturer	**0.4**
Acme Packet	Provide session border control solutions	**0.4**
Klee Europe Fund II	Group of secondary buyout funds based in Europe	**0.4**
Bowman Partners	Group of secondary buyout, venture and growth funds based in the USA	**0.4**
Penaflor	Produce wine, grape juice and other by-products	**0.4**
Ener1	Develop and market new products for clean and efficient energy sources	**0.4**
Acorn Care & Education	Provide foster care services and schools for children with learning disabilities	**0.4**
TOTAL		**£38.9m**
COVERAGE OF TOTAL DISTRIBUTIONS		**53%**

Distributions in the Year to 30th June 2010

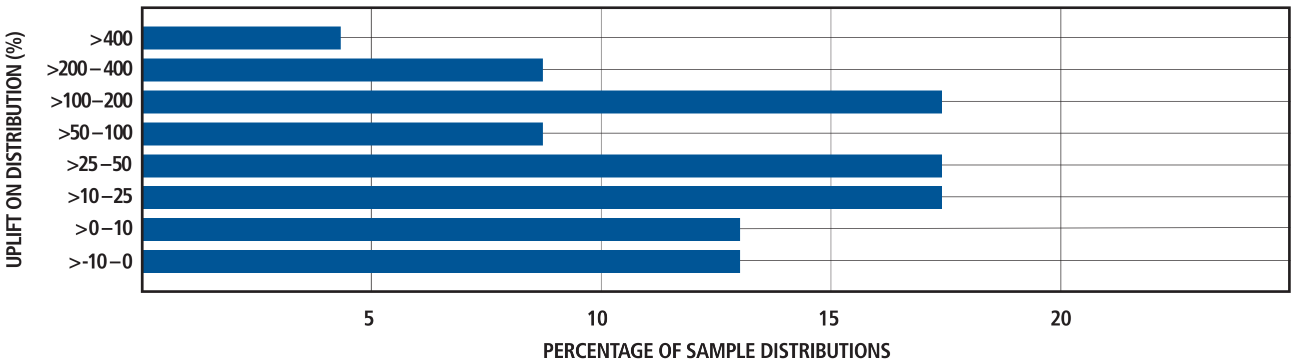
(CONTINUED)

Cost Multiples on a Sample of the Largest Distributions in the Year to 30th June 2010



The chart above shows the range of gross multiples on initial cost, where information is available, achieved by the underlying fund manager on the largest 50 distributions (excludes underlying fund-of-funds). Over 65% of the distributions included in the sample generated gross multiples in excess of 2.0x for the underlying fund, highlighting the continued ability of many private equity managers to create significant value over the course of an investment.[1]

Uplifts to Previous Valuations on a Sample of the Largest Distributions in the Year to 30th June 2010



The chart above shows the range of uplifts to previous valuations, where information is available, achieved by the underlying fund manager on the largest 50 distributions (excludes underlying fund-of-funds and listed companies). Approximately 60% of the distributions, by number, included in the sample generated uplifts in excess of 25% for the underlying fund. These findings are consistent with our view that distributions tend to be significantly incremental to returns.[2]

[1] The available data in the sample represented 33% of PIP's total distributions for the year to 30th June 2010.

[2] The available data in the sample represented 24% of PIP's total distributions for the year to 30th June 2010.

Finance

Finance

At 30th June 2010 the Company had £6.4m in cash. In addition, $55.9m of its $117.4m available US dollar bank loan facility, and €41.2m of its €85.9m available euro bank loan facility, remained undrawn.

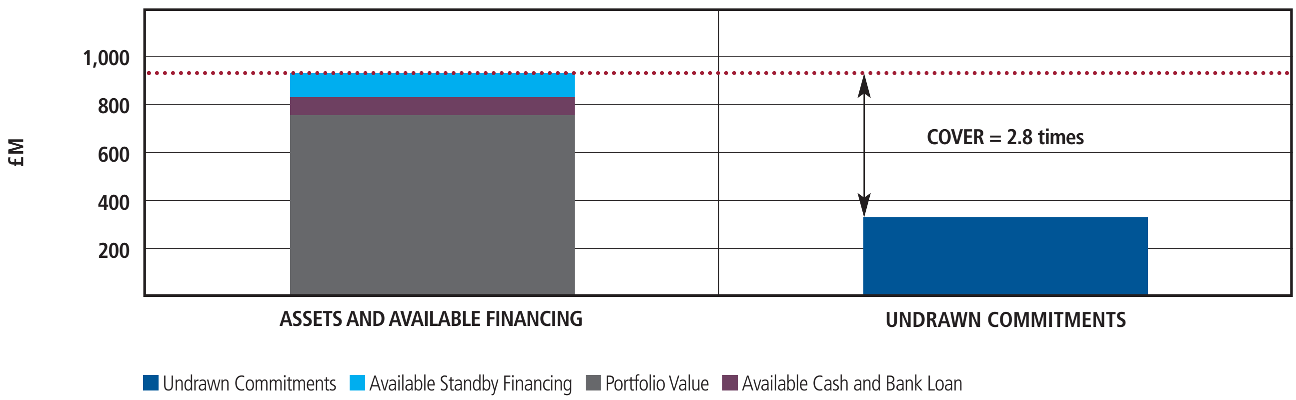
PIP continues to have in place "standby" agreements with certain institutions under which the Company can require the institutions to subscribe for new redeemable shares, up to the value of £150m. The purpose of these agreements is to provide an additional level of assurance that PIP will be in a position to meet its financial obligations.

In December 2008, PIP issued £49.5m of unsecured subordinated loan notes (the "Notes") to institutional investors who had previously entered into "standby" agreements to subscribe, if called upon by PIP to do so, for new redeemable shares. Following the financial year end a further £51m Notes were issued, taking the total Notes outstanding to £100.5m, which now all mature on 15th November 2011. The Company can elect to repay the Notes through a drawdown by the Company under "standby" agreements in place with the Noteholders. In the event of such a drawdown by the Company under a "standby" agreement from an institutional investor who is a Noteholder, the Company shall repay an equivalent amount on the Notes held by such investor (or such lesser amount as is outstanding). The Company has commitments from institutional investors under "standby" agreements to subscribe a total of £150m for new redeemable shares.

In February 2010 the Company announced the re-denomination of its £150m revolving credit facility into dollars and euros to better match the foreign exchange profile of its future cash requirements.

At 30th June 2010, PIP's available financing stood at £178m. As a result, the sum of the Company's available financing and portfolio of assets exceeded its undrawn commitments by 2.8 times, up from 1.9 times at end of the prior year. It should be noted that a portion of the Company's undrawn commitments may not get called by the underlying managers. When a fund is past its investment period, which is typically between 5 and 6 years, it generally cannot make any new investments (only draw capital to fund existing follow-on investments or pay expenses). As a result, the rate of capital calls in these funds tends to slow dramatically. 21% of the Company's undrawn commitments are in fund vintages of 6 years or older.

Commitment Cover as at 30th June 2010



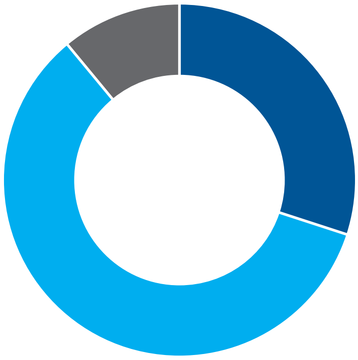
Portfolio Overview

The underlying companies in the portfolio range from large and mature industrial enterprises with multinational operations to early-stage ventures operating at the leading edge of technological development. All the companies have one factor in common: the influence of professional private equity managers who are motivated to maximise the value of each underlying investment.

Portfolio Analysis by Value as at 30th June 2010

Geographic Spread

The weightings of both the USA and Europe decreased by 1% during the period to 59% and 30% respectively. The weighting to Asia increased by 2% to 11%.



Europe	30%
USA	59%
Asia and other	11%

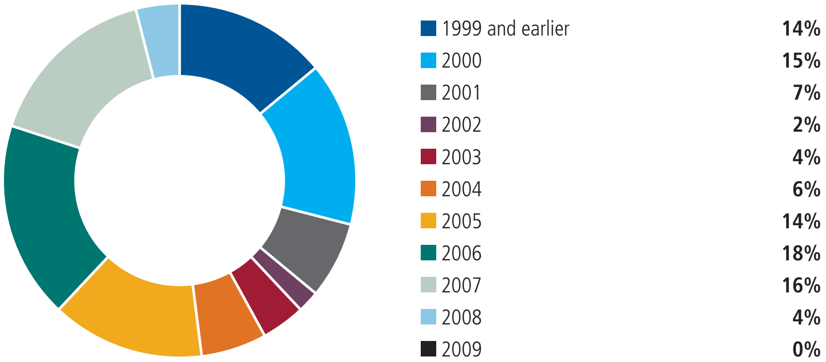
Stage Composition

PIP's portfolio is well diversified across all the major stages of private equity. The majority of the Company's exposure to buyouts is via mid and small cap funds, which have tended to utilise lower levels of leverage in their acquisition structures than the very largest funds. In addition, PIP has a significant exposure to venture and growth-focused funds.

Small/Mid Buyout	34%
Large/Mega Buyout	20%
Venture and Growth	34%
Special Situations	7%
Generalist	4%
Directs	1%

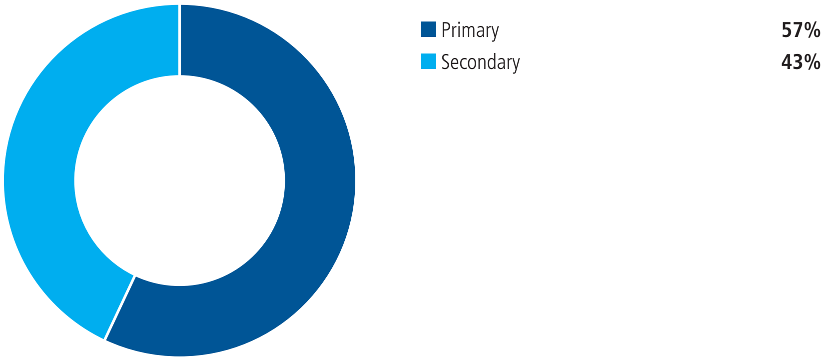
Maturity

PIP's portfolio is well diversified by fund vintage (referring to the year the fund made its first drawdown). Only 13% of the portfolio relates to large/mega buyouts from fund vintages 2005 to 2007, indicating that the Company has a relatively low exposure to the highest levels of leverage experienced during the peak of the buyout market.



Primary/Secondary Split

57% of the portfolio is derived from primary transactions and 43% from secondary transactions.



Portfolio Analysis

We have reviewed PIP's 50 largest buyout funds and direct investments to provide more detailed analysis of the portfolio. The companies within the sampled funds, which account for approximately 50% of the value of the buyout and direct portfolio, have levels of leverage, as measured by net debt divided by EBITDA, of 3.4 times for the small/mid buyout portfolio and 4.3 times for the large/mega buyout portfolio. The sample also provides evidence that revenue and EBITDA growth at many of our portfolio companies has outperformed those of listed markets. Furthermore, we demonstrate that valuation multiples within the sample are typically lower than multiples seen in public markets. We also provide an analysis of our venture and growth returns by vintage.

Portfolio Leverage

The key constituents of PIP's portfolio are venture and growth, mid size buyouts and large/mega buyouts. These three sections account for 88% of the portfolio value, and have differing leverage characteristics:

> The companies within our venture and growth portfolio, which accounted for 34% of portfolio value at 30th June 2010, have very little or no reliance on debt.

> The small/mid size buyout portfolio contains a moderate level of debt. Based upon a sample that accounted for 46% of small/mid size buyout portfolio NAV, net debt / EBITDA was 3.4 times at 31st December 2009.

> The large/mega buyout portfolio contains higher levels of debt, although still relatively low compared to the leverage levels of deals executed at the peak of the buyout market in 2006/2007. Based upon a sample that accounted for 63% of large/mega buyout portfolio NAV, net debt/EBITDA was 4.3 times at 31st December 2009.

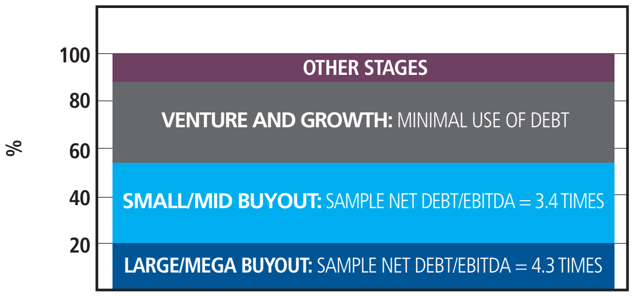
Revenue and EBITDA

For a sample comprising the companies within PIP's largest 50 buyout funds and direct investments, we calculated weighted average revenue and EBITDA growth figures for the year to 31st December 2009:

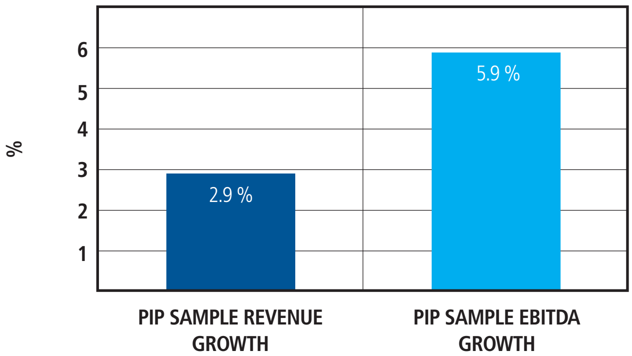
> Weighted average revenue and EBITDA growth for the sampled buyout companies was +2.9% and +5.9% respectively in the year to 31st December 2009. This compares favourably with the S&P 500 and FTSE All-Share indices, both of which recorded negative revenue and EBITDA growth in the same time period.

> These underlying revenue and EBITDA growth figures are encouraging. They point to a good degree of resilience amongst our portfolio companies and in particular, they suggest that our managers have been quick to manage costs and drive efficiencies throughout the downturn.

PIP Portfolio Value at 30th June 2010



Revenue and EBITDA Growth in the Year to 31st December 2009

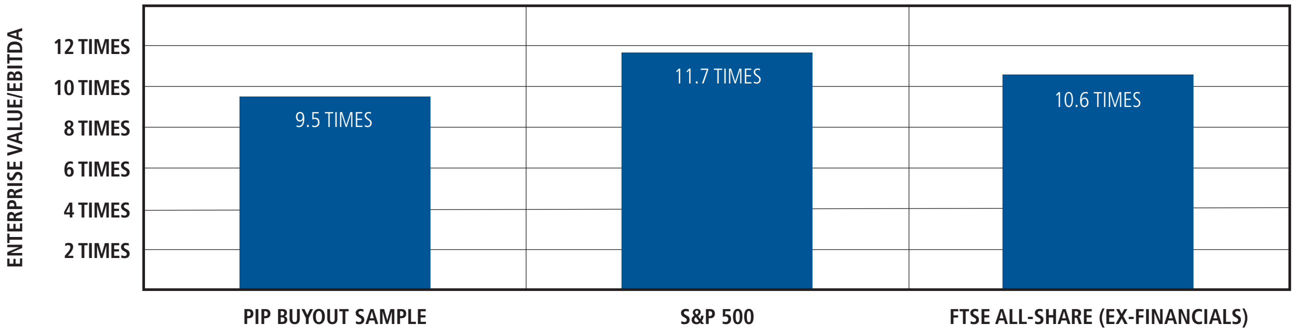


Valuation Multiple

Accounting standards require private equity managers to value their portfolio at fair value. This leads to volatility in valuations reflecting movements in the broader markets. However, private equity assets can often leave some room for value enhancement when sold.

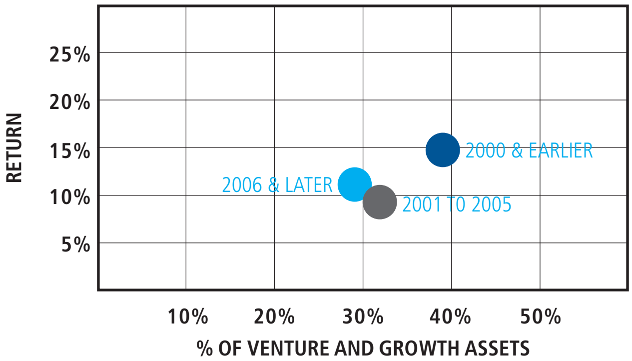
For a sample comprising the companies within PIP's largest 50 buyout funds and direct investments, we calculated the weighted average enterprise value / EBITDA for the year to 31st December 2009. This figure has been compared to the S&P 500 and FTSE All-Share (ex-financials) in the chart below.

Enterprise Value/EBITDA for the Year to 31st December 2009



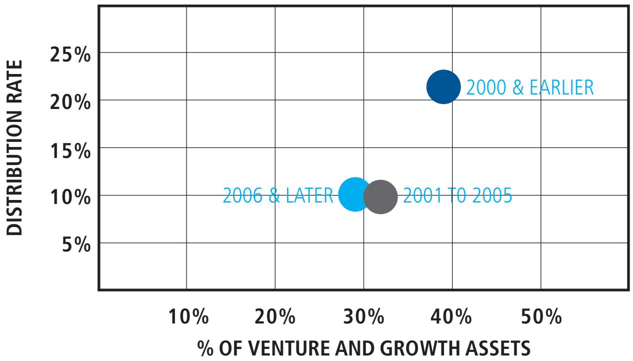
Venture and Growth Assets

Returns in the Year to 30th June 2010[1]



[1] *Returns exclude gains from foreign exchange movements.*

Distribution Rates in the Year to 30th June 2010[2]



[2] *Distribution rate equals distributions in period divided by opening portfolio value.*

As can be seen from above, much of PIP's venture and growth assets are in funds dated 2000 and earlier. These companies are now mature and many are cash-generative, having survived the bursting of the technology bubble and the latest downturn. Venture managers focus their attention on those companies that have the ability to drive meaningful returns. Consequently, only venture assets with good potential survive to maturity. Mature venture companies, which can often resemble growth investments in terms of cash generation and profitability, have shown an increased likelihood of returning cash to investors, often at uplifts to carrying value. It is our view that mature venture assets play an important role in complimenting the newer venture and growth vintages.

PIP's venture and growth assets performed well during the 12 months to 30th June 2010, driven in particular by returns in the older vintages. Returns have been aided by a pick up in sales to trade buyers, and to a lesser degree, recovery in the IPO market. If the exit markets continue to recover, we could see a continuance of strong returns from the venture and growth portfolio.

Buyout Sample Methodology

The buyout figures used above were calculated from over 85% of the value of the companies within the largest 50 buyout funds and direct investments as at 31st March 2010 (which were based upon 31st December 2009 underlying valuations). This accounts for approximately 50% of the value of PIP's buyout and direct portfolio. The figures are based upon unaudited data. The revenue and EBITDA figures were based upon the year to 31st December 2009, or where not available the closest annual period disclosed. The net debt and enterprise value figures were based upon 31st December 2009 underlying valuations, or the closest period end disclosed. The underlying company data was weighted by NAV to calculate an average. Individual company revenue and EBITDA growth figures were capped between +100% and -100% to avoid large distortions from movements relative to a small denominator. The methodology used to calculate the S&P 500 and FTSE All-Share (ex-financials) figures was consistent with the above.

Portfolio Managers by Geography

The Company has exposure to many of the best managers across the globe, via both the primary and secondary markets. Our USA investments focus primarily on mid market buyout and mature venture assets. In Europe we focus primarily on mid market buyouts through both Pan-European managers and regional specialists with a detailed knowledge of local markets. The Asian portfolio is focused on both the buyout and growth stages, utilising managers with a strong local presence. In this section we disclose only the largest manager exposures.

USA

Large/Mega Buyout	
Providence Equity Partners	1.3%
Carlyle Group	1.3%
Francisco Partners	1.0%
Apollo Management	1.0%
Bain Capital	0.6%
Vestar Capital Partners	0.6%
First Reserve	0.4%
Ares Management	0.3%
Onex Partners	0.3%
Thomas H Lee Partners	0.3%
Blackstone Capital Partners	0.3%

Balanced/Diversified Venture	
Oak Investment Partners	1.1%
New Enterprise Associates	0.8%
Essex Woodlands Health Ventures	0.7%
RedShift Ventures	0.6%
Polaris Venture Partners	0.6%
Baker Capital Partners	0.6%
VantagePoint Venture Partners	0.4%
New Leaf Venture Partners	0.4%
Spectrum Equity Partners	0.4%
Quantum Technology Ventures	0.4%
Catalyst Ivestors	0.3%

Small/Mid Buyout	
Golden Gate Capital	2.0%
Brentwood Associates	1.5%
Avista Capital Partners	1.1%
Genstar Capital Partners	1.0%
Churchill Capital Partners	0.9%
ABRY Partners	0.6%
Safeguard Partners	0.5%
Sterling Investment Partners	0.5%
Resolute Partners	0.4%
Lake Capital Partners	0.4%
Beacon Group	0.4%
American Securities Capital Partners	0.4%
Green Equity Partners	0.4%
Code Hennesey & Simmonds	0.4%
Pfingston Partners	0.3%
Sun Capital Partners	0.3%
Arlington Capital Partners	0.3%
Lovell Minnick Equity Partners	0.3%

Early Stage Venture	
GrandBanks Capital	0.9%
Alta Partners	0.6%
Canaan Partners	0.6%
JK&B	0.5%
Doll Capital Management	0.4%
VSP Capital	0.4%
Interwest Partners	0.3%
ARCH Venture Partners	0.3%
Polaris Venture Partners	0.3%

Growth Capital	
Technology Crossover Ventures	1.0%
Weston Presidio Capital	0.6%
Scale Venture Partners	0.4%
Summit Partners	0.3%

Special Situations	
Carlyle Group / Riverstone Holdings	1.2%
Oaktree Capital Management	0.9%
Yorktown Partners	0.6%
ABRY Partners	0.5%
MatlinPatterson	0.5%

Generalist	
ABS Capital Partners	1.6%
Spectrum Equity Investors	0.2%
Goldman Sachs Private Capital	0.1%

Figures above show the top three manager exposures (NAV + outstanding commitments) in each category shown, and in addition any managers with exposures greater than £3m in each category, as a percentage of the Company's total exposure. The above figures show both primary and secondary exposures. The manager exposures shown on pages 20 and 21 represent 73% of the Company's total exposure.

EUROPE

UK Managers	
Vision Capital	1.5%
Nova Capital Management	0.9%
Alchemy Partners	0.4%
Darwin Private Equity	0.3%
Amadeus Capital Partners	0.3%

Italian Managers	
Clessidra Capital Partners	0.6%
Private Equity Partners	0.6%
BS Private Equity	0.1%

French Managers	
Sagard Private Equity Partners	0.4%
Chequers Capital	0.3%
Atria Private Equity Partners	0.2%

Central & Eastern European Managers	
Mid-Europa Partners	0.8%
Enterprise Investors	0.3%

German Managers	
Arcadia	0.5%
Odewald Private Equity Partners	0.1%

Israel Managers	
Gemini Israel Funds	0.5%
Jerusalem Venture Partners	0.2%
Cedar Ventures	0.1%

Spanish Manager	
Mercapital Private Equity	0.8%

Benelux Manager	
Bencis Capital Partners	0.4%

Russia Manager	
Baring Vostok Capital Partners	0.9%

Northern European Managers	
Nordic Capital	0.9%
Altor Equity Partners	0.6%
Herkules Capital	0.4%
Northzone Partners	0.3%

Pan-European Managers	
Barclays Private Equity	2.1%
Apax Partners	2.0%
CVC Capital Partners	1.6%
Hutton Collins	1.5%
Doughty Hanson & Co	1.4%
IK Investment Partners	1.2%
BC Partners	1.2%
Permira	0.7%
Cinven Partners	0.6%
Cipio Partners	0.6%
Hg Capital	0.6%
Montagu Private Equity	0.5%
Summit Partners	0.5%
Accel Partners	0.5%
Index Ventures	0.4%
Wellington Partners	0.4%

ASIA AND OTHER

Pan-Asian	
Pacven Walden Ventures	1.1%
Texas Pacific Group	0.9%
CVC Capital Partners	0.7%
Baring Private Equity Partners	0.6%
Unitas Capital	0.5%
Kohlberg Kravis Roberts and Co.	0.4%
Clearwater Capital Partners	0.4%

Country Specialist Buyout	
Archer Capital (Australia)	0.8%
Unison (Japan)	0.5%
Hony Capital (China)	0.4%

Country Specialist Growth	
CDH Capital (China)	0.3%
AsiaVest Partners (China)	0.2%
Orchid Asia (China)	0.2%

Figures above show the top three manager exposures (NAV + outstanding commitments) in each category shown, and in addition any managers with exposures greater than £3m in each category, as a percentage of the Company's total exposure. The above figures show both primary and secondary exposures.

Portfolio Companies by Sector

PIP's portfolio is well diversified by the sectors in which the underlying companies operate. This sectoral diversification helps to minimise the effects of cyclical trends within particular industry segments. Relative to the FTSE All-Share and MSCI World indices, PIP is underweight in many of the segments that have been most associated with high levels of volatility since the start of the financial crisis, such as Financials, Energy and Materials. Conversely, PIP is overweight in the Health Care, Consumer and Information Technology sectors.

Sector Composition

Energy	6%
Materials	5%
Industrials	10%
Consumer Discretionary	24%
Consumer Staples	3%
Health Care	15%
Financials	8%
Information Technology	22%
Telecom Services	7%

Please note that the methodology used to calculate the sector diversification has been changed from the prior year. The new methodology is the Global Industry Classification Standard (GICS).

Largest Companies by Sector as at 30th June 2010

NAME	DESCRIPTION	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE
CONSUMER DISCRETIONARY		
Nord Anglia Education	Operate international schools and provide learning services	0.5%
Spectrum Athletic Clubs	Operate fitness and health clubs	0.4%
Array	Provide in-store marketing for retailers and brand manufacturers	0.4%
SMART Technologies	Provide interactive whiteboards and complementary solutions	0.4%
The Teaching Company	Provide educational courses on DVD, audio CD and other formats	0.4%
INFORMATION TECHNOLOGY		
Rosetta Stone*	Develop language learning software	0.5%
InterXion	Provide colocation, data centres and managed services	0.4%
Verimatrix	Specialise in securing and enhancing revenue for multi-screen digital services around the globe	0.4%
VBrick Systems	Provide enterprise Internet Protocol video solutions	0.3%
Chyron*	Provide integrated solutions for digital video media graphics	0.3%
HEALTH CARE		
Nycomed	Pharmaceutical company	0.9%
SciLabware	Manufacture laboratory hardware and re-usable plastics	0.5%
Orchid Orthopedic Solutions	Design and manufacture implants, instruments, and innovative technologies for the orthopedic, dental and cardiovascular markets	0.4%
Lantheus Medical Imaging	Produce medical diagnostic imaging products	0.3%
Executive Health Resources	Provide medical necessity compliance solutions to hospitals and health systems	0.3%
FINANCIALS		
Endurance Specialty Holdings*	Specialty provider of insurance and reinsurance	0.5%
Duff & Phelps*	Provide financial advisory and investment banking services	0.3%
Shenzen Development Bank*	Chinese Bank	0.2%
INDUSTRIALS		
Carbolite	Manufacture and supply industrial furnaces, ovens and incubators	0.8%
Bibby Scientific	Manufacture broad based laboratory products	0.7%
Australian Helicopters	Operate helicopters for a variety of market sectors	0.3%
TELECOMMUNICATIONS SERVICES		
TDC	Provide telecommunications services	0.5%
Genband	Provide next generation network solutions	0.5%
Falcon Group	Broadcaster and provider of wireline and mobile telecommunications	0.2%
ENERGY		
CPL Industries	Solid fuel manufacture and distribution	0.3%
Converteam	Provide power conversion engineering solutions	0.3%
Kinder Morgan	Provide pipeline transportation and energy storage solutions	0.2%
MATERIALS		
AMG Advanced Metallurgical Group*	Create and apply metallurgical solutions	0.4%
Brenntag*	Provide business-to-business distribution solutions for industrial and specialty chemicals	0.3%
BondCote	Manufacture industrial coated and laminated fabrics	0.2%
CONSUMER STAPLES		
Pacific Island Restaurants	Restaurant franchisee	0.1%
R&R Ice Cream	Manufacture ice cream	0.1%
LR Health & Beauty Systems	Develop and distribute nutrition and cosmetics products	0.1%

** Quoted holding as at 30th June 2010.*

Outstanding Commitments

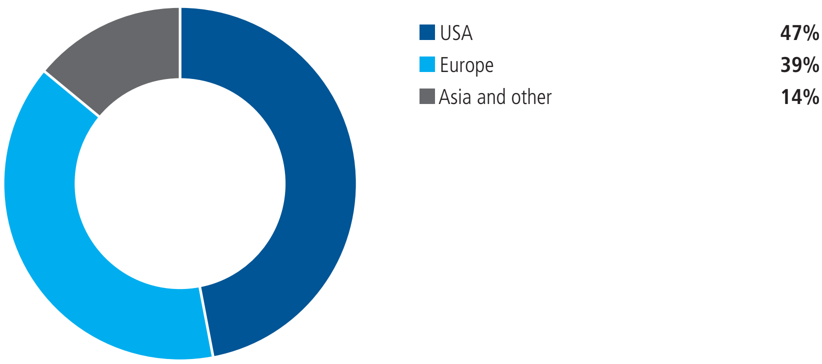
PIP's outstanding commitments to fund investments, 76% of which relate to primary funds and 24% of which relate to secondary funds, are well diversified by stage and geography and will enable the Company to participate in future investments with many of the highest quality fund managers in the private equity industry.

Portfolio Analysis by Outstanding Commitments as at 30th June 2010

PIP's outstanding commitments to investments decreased to £331m at 30th June 2010 compared with £428m at 30th June 2009. The Company paid calls of £67m and disposed of fund interests with £41m of outstanding commitments. These reductions were partially offset by currency movements.

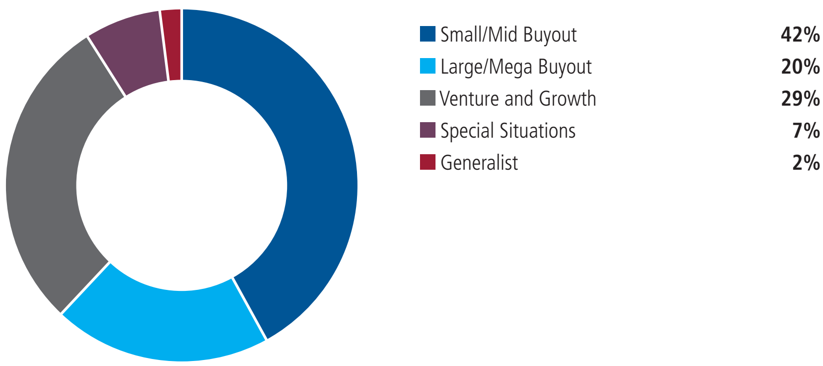
Geographic Spread

The USA and Europe have the largest outstanding commitments, reflecting the fact that they have the most mature private equity markets. Commitments to Asia and other regions totalled 14%.



Stage Composition

PIP's outstanding commitments are well diversified across all major stages of private equity. The majority of the buyout exposure is with small/mid cap funds. Venture and growth forms a significant portion of the Company's outstanding commitments.



Maturity

21% of PIP's outstanding commitments are in fund vintages of six years or older. These vintages are likely to be past their investment periods, and as such, should have slower call rates. It is likely that a portion of these commitments will not be drawn.

2004 and earlier	**21%**
2005	**7%**
2006	**16%**
2007	**31%**
2008	**23%**
2009	**2%**

Pantheon Vehicles

Pantheon Ventures Limited ("Pantheon") is not entitled to management and commitment fees in respect of PIP's holdings in, and outstanding commitments to, the firm's managed fund-of-funds vehicles. In addition, Pantheon has agreed that PIP will never be disadvantaged in terms of fees compared with the position it would have been in had it made investments directly into the underlying funds rather than indirectly through such fund-of-funds vehicles.

The Top 20 Managers by Value and Outstanding Commitments

Top 20 Managers by Value as at 30th June 2010

NUMBER	MANAGER	REGION	STAGE BIAS	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE
1	Apax Partners	EUROPE	BUYOUT	2.6%
2	Barclays Private Equity	EUROPE	BUYOUT	2.1%
3	Golden Gate Capital	USA	BUYOUT	1.9%
4	ABS Capital Partners	USA	GENERALIST	1.9%
5	IK Investment Partners	EUROPE	BUYOUT	1.8%
6	CVC Capital Partners	EUROPE	BUYOUT	1.7%
7	Vision Capital	EUROPE	BUYOUT	1.7%
8	Brentwood Associates	USA	BUYOUT	1.6%
9	Pacven Walden Ventures	ASIA AND OTHER	VENTURE AND GROWTH	1.6%
10	Avista Capital Partners	USA	BUYOUT	1.4%
11	BC Partners	EUROPE	BUYOUT	1.4%
12	Providence Equity Partners	USA	BUYOUT	1.4%
13	ABRY Partners	USA	BUYOUT	1.4%
14	Oak Investment Partners	USA	VENTURE AND GROWTH	1.3%
15	Nordic Capital	EUROPE	BUYOUT	1.3%
16	Doughty Hanson & Co	EUROPE	BUYOUT	1.3%
17	Oaktree Capital Management	GLOBAL	GENERALIST	1.3%
18	Carlyle Group/Riverstone Holdings	USA	SPECIAL SITUATIONS	1.3%
19	Apollo Management	USA	BUYOUT	1.2%
20	Nova Capital Management	EUROPE	BUYOUT	1.2%

Top 20 Managers by Outstanding Commitments as at 30th June 2010

NUMBER	MANAGER	REGION	STAGE BIAS	% OF OUTSTANDING COMMITMENTS
1	CVC Capital Partners	EUROPE	BUYOUT	3.6%
2	Hutton Collins	EUROPE	SPECIAL SITUATIONS	3.3%
3	Golden Gate Capital	USA	BUYOUT	3.0%
4	Summit Partners	GLOBAL	VENTURE AND GROWTH	2.4%
5	Carlyle Group	GLOBAL	GENERALIST	2.3%
6	Barclays Private Equity	EUROPE	BUYOUT	2.0%
7	Doughty Hanson & Co	EUROPE	BUYOUT	1.8%
8	Clessidra Capital Partners	EUROPE	BUYOUT	1.7%
9	Technology Crossover Ventures	USA	VENTURE AND GROWTH	1.6%
10	Mercapital	EUROPE	BUYOUT	1.5%
11	Baring Vostok Capital Partners	EUROPE	BUYOUT	1.5%
12	Mid-Europa Partners	EUROPE	BUYOUT	1.5%
13	ABS Capital Partners	USA	GENERALIST	1.4%
14	Arcadia	EUROPE	BUYOUT	1.4%
15	Private Equity Partners	EUROPE	BUYOUT	1.3%
16	Archer Capital	ASIA AND OTHER	VENTURE AND GROWTH	1.3%
17	Unison Capital	ASIA AND OTHER	BUYOUT	1.3%
18	Gemini Israel Funds	EUROPE	VENTURE AND GROWTH	1.3%
19	Brentwood Associates	USA	BUYOUT	1.3%
20	Texas Pacific Group	GLOBAL	BUYOUT	1.2%

The Top 20 Companies by Value

Top 20 Companies by Value as at 30th June 2010

NUMBER	COMPANY	SECTOR	% OF PIP'S TOTAL PRIVATE EQUITY ASSET VALUE
1	Nycomed	HEALTH CARE	0.9%
2	Carbolite	INDUSTRIALS	0.8%
3	Bibby Scientific	INDUSTRIALS	0.7%
4	TDC	TELECOMMUNICATION SERVICES	0.5%
5	Endurance Specialty Holdings*	FINANCIALS	0.5%
6	Nord Anglia Education	CONSUMER DISCRETIONARY	0.5%
7	Rosetta Stone*	INFORMATION TECHNOLOGY	0.5%
8	SciLabware	HEALTH CARE	0.5%
9	Genband	TELECOMMUNICATION SERVICES	0.5%
10	Orchid Orthopedic Solutions	HEALTH CARE	0.4%
11	Spectrum Athletic Clubs	CONSUMER DISCRETIONARY	0.4%
12	Array	CONSUMER DISCRETIONARY	0.4%
13	InterXion	INFORMATION TECHNOLOGY	0.4%
14	SMART Technologies	CONSUMER DISCRETIONARY	0.4%
15	AMG Advanced Metallurgical Group*	MATERIALS	0.4%
16	The Teaching Company	CONSUMER DISCRETIONARY	0.4%
17	Verimatrix	INFORMATION TECHNOLOGY	0.4%
18	Duff & Phelps*	FINANCIALS	0.3%
19	VBrick Systems	INFORMATION TECHNOLOGY	0.3%
20	Lantheus Medical Imaging	HEALTH CARE	0.3%

** Quoted holding as at 30th June 2010.*

The Manager (Pantheon)

Pantheon, one of the world's foremost private equity specialists, has acted as Manager to PIP since its inception in 1987, evaluating and managing investments on PIP's behalf in line with the strategy agreed by the Board. Pantheon is also one of the largest and most experienced secondary managers, having committed more than $5 billion to secondaries over more than 20 years.[1]

Strong Private Equity Track Record

Pantheon is one of the leading private equity fund-of-funds managers in the world, with global assets under management of $22.2 billion,[1] and over 300 institutional investors.

Pantheon has a strong and consistent private equity investment track record. For nearly 30 years Pantheon has made investments in over 1,000 private equity funds, gaining exceptional insight and access to the most attractive funds in all the major private equity regions. Pantheon has more than 20 years' experience of successful private equity secondary investing, having committed $5.3 billion in the secondary market globally across more than 270 transactions, including more than 80 portfolio transactions and more than 180 single fund secondaries.[1]

Affiliated Managers Group, Inc. ("AMG") alongside senior members of the Pantheon team, acquired Pantheon in 2010. The new ownership structure, with Pantheon senior management owning a meaningful share of the equity in the business, provides a framework for long-term succession and enables Pantheon management to continue to direct the firm's day-to-day operations. AMG is a global asset management company with equity investments in leading boutique investment management firms.

Risk Management

Pantheon has substantial experience of investing in private equity through various economic cycles and in different regional markets. The firm's asset allocation, diversification strategies and disciplined investment process are structured with the objective of producing the best possible risk-adjusted returns. Pantheon's diversification strategy limits portfolio risk by including a multi-strategy approach, targeting funds with a variety of different return characteristics and deploying capital over a number of vintage years, generally ensuring that the most attractive segments of the market are represented in the portfolio. When applying this approach, the Board works closely with Pantheon to ensure that the management of the Company is in line with its agreed strategy.

Reputation as a Preferred Investor

Pantheon has been investing in private equity for nearly 30 years and has an enviable reputation in the industry. Pantheon is often considered a preferred investor due to its reputation, active approach and scale of commitments. In addition, Pantheon generally seeks advisory board seats to contribute actively to governance during the life of the fund. As such Pantheon is represented on over 180 advisory boards worldwide. Long-standing partnerships with managers on a global basis can also enhance the firm's deal flow in the secondary market.

Team-Based Culture

Pantheon draws upon a deep pool of resources that contributes to a unique team-based culture. With teams operating in London, San Francisco, Hong Kong and New York, Pantheon adopts a collegial approach to investment decision-making, globally leveraging the collective experience and expertise of all investment professionals. The team's experience is also brought to bear on the evaluation, selection and ongoing monitoring of fund investments. Pantheon's team of 66 investment professionals, supported by 89 other professionals,[2] work together with the ultimate aim of producing strong and consistent results.

The Investment Team

A: San Francisco – *25 investment professionals* **B:** London – *30 investment professionals*
C: Hong Kong – *7 investment professionals* **D:** New York – *4 investment professionals*

At a Glance

> $22.2 billion[1] assets under management, with over 300 institutional investors

> World leader in private equity fund-of-funds management with nearly 30 years' experience

> International team comprising 155 staff, including 66 investment professionals[2]

> At the forefront of the fast-growing secondary market, having committed $5.3 billion to secondary investments globally, across more than 270 transactions[1]

[1] *As at 31st March 2010.*
[2] *All staff figures as at 1st October 2010.*

Responsible Investment

Pantheon's policy in terms of responsible investment is to seek to ensure that the social, environmental and ethical considerations that are taken into account in its own day-to-day business are, as much as possible, reflected in the policy adopted by each of the individual private equity managers with whom they invest.

Commitment to the Principles for Responsible Investing

Pantheon is committed to the Principles for Responsible Investing ("PRI") and was one of the first fund-of-funds managers to support the policy. Pantheon believes that adoption of PRI initiatives will ultimately work to the benefit of investors.

Pantheon takes into account both financial and non-financial factors, of which Environmental, Social and Governance ("ESG") risks are a core part of the analysis. The chart below demonstrates Pantheon's commitment to implementing each of the six principles.

1

INVESTMENT ANALYSIS/PROCESSES

Integral part of:

> Due diligence process

> Reporting/monitoring process

> Risk matrix

2

ACTIVE OWNERSHIP

> Table ESG issues on advisory boards

> Committed to following policy of active ownership

3

DISCLOSURE

> Importance of sound ESG practices highlighted during negotiation of Pantheon side-letter with General Partners

> Work with trade bodies on disclosure issues

PRI

PROMOTING ACCEPTANCE

> Educate clients through conferences, seminars and briefing notes

> Working with General Partners and Limited Partners

4

WORKING TOGETHER

> Collaboration with clients, General Partners and trade bodies

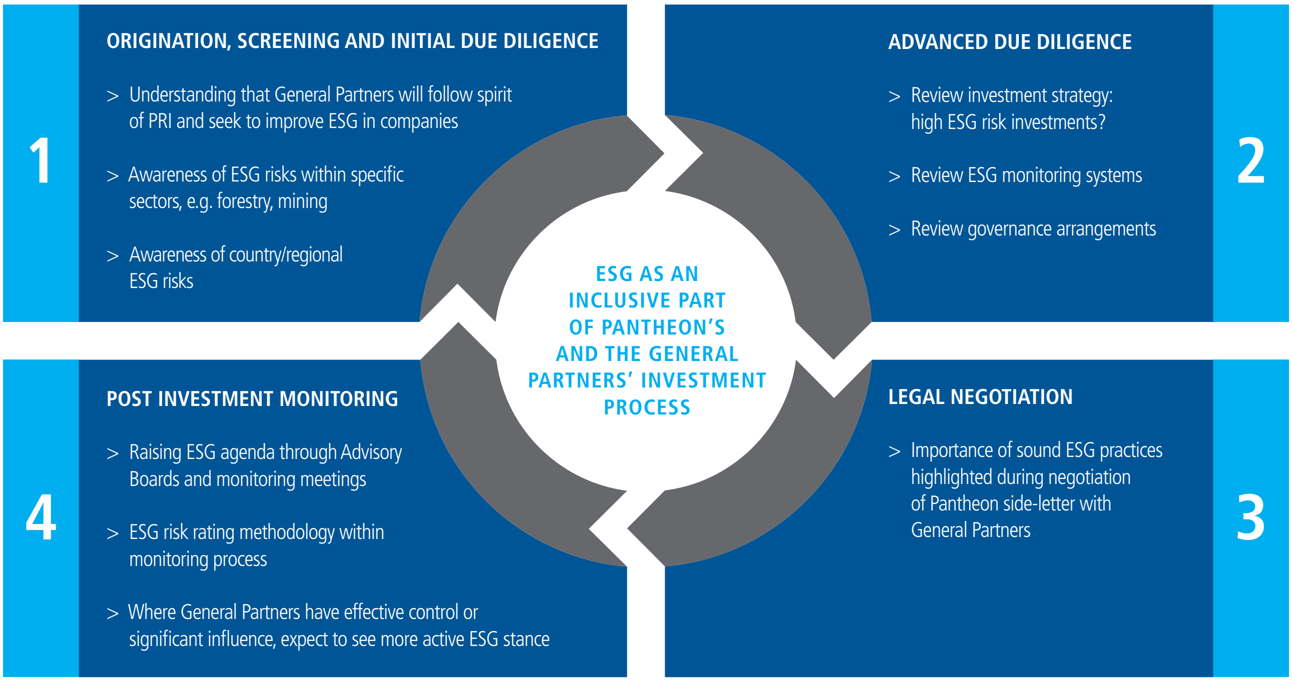
5

REPORTING

> Encourage General Partners to report on ESG issues

6

Pantheon believes that consideration of ESG risk forms part of general risk management and its mitigation strengthens downside protection and enhances reputation, which can also lead to value creation. In considering a new fund commitment, Pantheon is committed to understanding the manager's willingness to adhere to sound ESG practices, favouring those managers who understand the nature of ESG risks and who seek to minimise them. Pantheon's due diligence process ascertains the extent to which the manager incorporates ESG risks in their analysis and the measures they take to mitigate them before and after investment. The chart below demonstrates how ESG risk management is an integral part of Pantheon's investment process.



Biographies of Key Senior Personnel

Andrew Lebus Partner

Joined 1994, 25 years of private equity experience

Andrew is a senior member of Pantheon's investment team. He is responsible for co-ordinating the Company's activities within Pantheon and participates in the secondary investment process. Andrew, who spent eight years in Pantheon's Hong Kong office, also participates in Asian investment including determining investment strategy and overseeing the selection and monitoring of investments. Prior to joining Pantheon, Andrew worked for a number of years in corporate finance with special emphasis on the private equity market, latterly at Credit Lyonnais Securities, and prior to that at its affiliate, Castleforth. Andrew is based in London.

Alastair Bruce Managing Partner

Joined 1996, 14 years of private equity experience

As Pantheon's Managing Partner, Alastair chairs the committee which runs the firm from day-to-day. Before joining Pantheon, he spent seven years at SPP Investment Management as a real estate investment analyst and business controller. Alastair is based in London.

Chris Meads Partner

Joined 2001, 14 years of private equity experience

Chris is Pantheon's Head of Investment and leads Asian investment activity. Chris joined Pantheon from HSBC Hong Kong, where he was involved both in strategic acquisitions and the design and implementation of internal operating procedures. He was previously a senior investment analyst for Brierley Investments Ltd in both Hong Kong and New Zealand, and before that worked in a deal advisory capacity for CS First Boston (NZ) and as an economist for the National Bank of New Zealand and the Reserve Bank of New Zealand. Chris is based in Hong Kong.

Paul Ward Partner

Joined 2003, 13 years of private equity experience

Paul is responsible for the evaluation and completion of private equity secondary transactions. Paul joined Pantheon from Lehman Brothers Private Equity Group, where he was Investment Director. Previously, he worked for Lehman Brothers Investment Bank in both New York and London on M&A and Corporate Finance advisory services and, prior to that, was a management consultant for PA Consulting. Paul is based in London.

Helen Steers Partner

Joined 2004, 21 years of private equity experience

Helen leads Pantheon's European primary investment activity. Helen joined Pantheon in 2004 from Russell Investments in Paris, where she was Managing Director with overall responsibility for private equity in Europe. Prior to joining Russell in 1999, Helen spent five years as Director, European Private Equity with the Caisse de Dépôt et Placement du Québec. From 1989 to 1994, Helen was a senior investment manager at the Business Development Bank of Canada in Montréal. Helen is based in London.

Susan Long McAndrews Partner

Joined in 2002, 15 years of private equity experience

Susan leads Pantheon's North American primary investment activity. Prior to joining Pantheon, she was a principal at Capital Z Partners in Asia, where she was responsible for executing investments in private equity funds and in fund management companies. In addition, Susan was a director at Russell Investments from 1995 to 1998 in their private equity group. Susan is based in San Francisco.

Kevin Albert Partner

Joined 2010, 28 years of private equity experience

Kevin is responsible for business development and client service activities globally at Pantheon. Kevin previously worked at Elevation Partners where he was in charge of fundraising and investor relations. For the 24 years prior to joining Elevation, Kevin ran the Global Private Equity Placement Group at Merrill Lynch. Kevin is based in New York.

Elly Livingstone Partner

Joined 2001, 13 years of private equity experience

Elly leads Pantheon's global secondary investment funds. Prior to joining Pantheon, Elly was an investment manager focusing on the analysis, structuring and execution of direct investments at Actis Capital, an emerging markets private equity fund, having worked previously for Accenture and PricewaterhouseCoopers on a wide range of international consulting and corporate finance advisory assignments. Elly is based in London.

Company Strategy, Objective and Investment Policy

The Company's primary investment objective is to maximise capital growth by investing in a diversified portfolio of private equity funds and, occasionally, directly in private companies.

Company Strategy

The spread of performance in private equity is much wider than in other asset classes and the selection of managers has a significant influence on investment performance. As a specialist fund-of-funds manager monitoring and researching the global private equity market, Pantheon, PIP's Manager, is well positioned to identify fund managers who have the skills and strategies to deliver superior performance within their particular market segments.

PIP's strategy is to invest with leading private equity managers whilst reducing investment risk through diversification of the underlying portfolio by geography, investment stage and sector. This strategy is implemented through PIP's primary and secondary investment programmes. PIP has the flexibility to vary the size of the primary and secondary investment programmes depending on available financing. The portfolio reflects PIP's prolonged access to Pantheon's highly successful primary and secondary investments over the past 23 years. Only funds that have passed rigorous due diligence and research are selected for the primary and secondary programmes.

Primary Programme

The primary programme invests in private equity funds when they are first formed. Pantheon aims to secure access to superior managers and to identify high quality managers often overlooked by the market. Investments are made on a pro-rata basis alongside Pantheon's regional fund-of-funds.

Through the primary programme, PIP invests in fewer than 2% of the estimated universe of private equity funds and thus aims to substantially outperform the market averages, given the high dispersal of returns between managers.

The primary programme enables PIP to invest strategically in specific areas of the market, put money to work steadily over time and gain access to the very best funds.

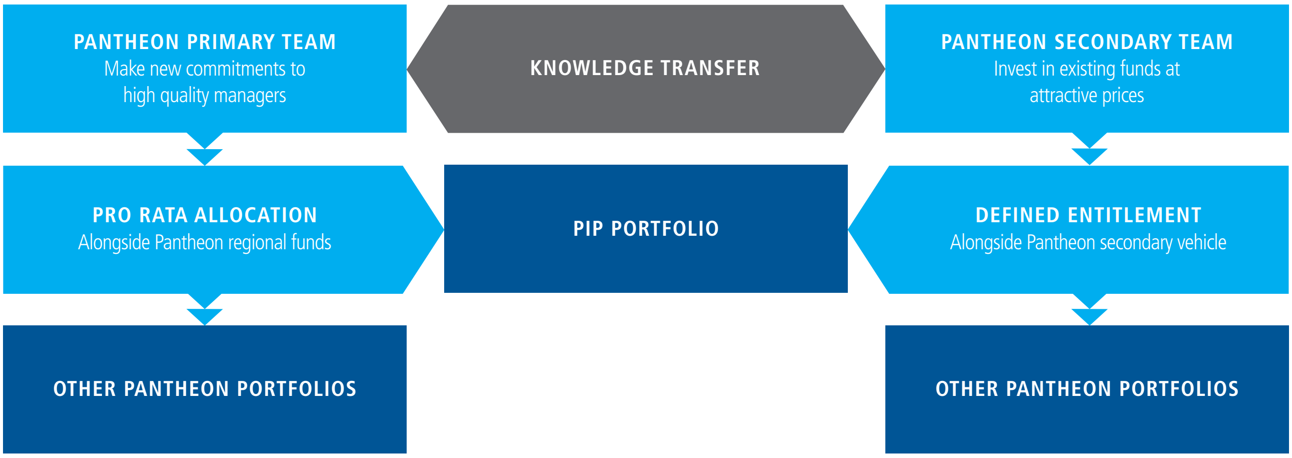
Secondary Programme

The secondary programme purchases existing investments in private equity funds. Typically these investments are acquired between three and six years after a fund's inception. PIP benefits from secondaries because the fees and expenses in the first few years have been paid and distributions from the fund will be returned over a shorter time period. This helps to reduce the drag to performance from young and immature funds, known as the "J-curve effect". In addition secondary assets can be purchased at a discount, especially in cases where the seller has liquidity problems, increasing the opportunity for outperformance.

In accordance with the terms of its management agreement with Pantheon, PIP is entitled under Pantheon's allocation policy to the opportunity to co-invest in a predetermined ratio alongside Pantheon's latest global secondary fund, benefiting from access to larger secondary opportunities that it would not have had the capacity to complete alone. The secondary programme enables PIP to acquire attractively priced secondary interests as they become available, and aims to outperform market averages through judicious pricing and timing.

The Company does not intend to make any further commitments to either the primary or secondary programmes until there is a sustained recovery in the level of distributions or additional financing is obtained. As the Company's finances become less constrained, either as a result of a normalisation in the level of distributions, or due to a capital raising, it will be able to participate in new investments, with emphasis on the current opportunities in the secondary market as a priority.

Investment Process



Objective and Investment Policy

The Company's primary investment objective is to maximise capital growth by investing in a diversified portfolio of private equity funds and, occasionally, directly in private companies.

The Company's policy is to make unquoted investments, in general, by subscribing for investments in new private equity funds and buying secondary interests in existing private equity funds and, occasionally, by acquiring direct holdings in unquoted companies, usually either where a vendor is seeking to sell a combined portfolio of fund interests and direct holdings or where there is a private equity manager, well known to the Company's Manager, investing on substantially the same terms.

The Company may invest in private equity funds which are quoted. In addition, the Company may from time to time hold quoted investments in consequence of such investments being distributed to the Company from its fund investments or in consequence of an investment in an unquoted company becoming quoted. The Company will not otherwise normally invest in quoted securities, although the Company reserves the right to do so should this be deemed to be in the interests of the Company.

The Company may invest in any type of financial instrument, including equity and non-equity shares, debt securities, subscription and conversion rights and options in relation to such shares and securities and interests in partnerships and limited partnerships and other forms of collective investment scheme. Investments in funds and companies may be made either directly or indirectly, through one or more holding, special purpose or investment vehicles in which one or more co-investors may also have an interest.

The Company employs a policy of over-commitment. This means that the Company may commit more than its available uninvested assets to investments in private equity funds on the basis that such commitments can be met from anticipated future cash flows to the Company and through the use of borrowings and capital raisings where necessary.

The Company's policy is to adopt a global investment approach. The Company's strategy is to mitigate investment risk through diversification of its underlying portfolio by geography, sector and investment stage. Since the Company's assets are invested globally on the basis, primarily, of the merits of individual investment opportunities, the Company does not adopt maximum or minimum exposures to specific geographic regions, industry sectors or the investment stage of underlying investments.

Company Strategy, Objective and Investment Policy

(CONTINUED)

In addition, the Company adopts the following limitations for the purpose of diversifying investment risk:

> the requirement for approval as an investment trust that no holding in a company will represent more than 15% by value of the Company's investments at the time of investment;

> the aggregate of all the amounts invested by the Company in (including commitments to or in respect of) funds managed by a single management group may not, in consequence of any such investment being made, form more than 20% of the aggregate of the most recently determined gross asset value of the Company and the Company's aggregate outstanding commitments in respect of investments at the time such investment is made;

> the Company will invest no more than 15% of its total assets in other UK-listed closed-ended investment funds (including UK-listed investment trusts).

The Company may invest in funds and other vehicles established and managed or advised by Pantheon or any Pantheon affiliate. In determining the diversification of its portfolio and applying the manager diversification requirement referred to above, the Company looks through vehicles established and managed or advised by Pantheon or any Pantheon affiliate.

The Company may enter into derivatives transactions for the purposes of efficient portfolio management and hedging (for example, hedging interest rate, currency or market exposures).

Surplus cash of the Company may be invested in fixed interest securities, bank deposits or other similar securities.

The Company may borrow to make investments and typically uses its borrowing facilities to manage its cash flows flexibly, enabling the Company to make investments as and when suitable opportunities arise and to meet calls in relation to existing investments without having to retain significant cash balances for such purposes. Under the Company's articles of association, the Company's borrowings may not at any time exceed 100% of the Company's net asset value. Typically, the Company does not expect its gearing to exceed 30% of gross assets. However, gearing may exceed this in the event that, for example, the Company's pipeline of future cash flows alters.

The Company may invest in private equity funds, unquoted companies or special purpose or investment holding vehicles which are geared by loan facilities that rank ahead of the Company's investment. The Company does not adopt restrictions on the extent to which it is exposed to gearing in funds or companies in which it invests.

> PHOTOGRAPH RIGHT:

KAKADU NATIONAL PARK

A narrow belt of mangrove trees fringes the shore of the South Alligator River in the Kakadu National Park, Northern Territory, Australia, forming a frontier with the land.

The Directors' Report

The Directors

The Board consists solely of non-executive Directors and no one individual has unfettered powers of decision. The Board has put in place levels of corporate governance which it believes are appropriate to an investment trust and to enable the Company to comply with the AIC Code of Corporate Governance (the "AIC Code"). Directors are subject to re-election by shareholders at intervals specified in the Company's Articles of Association, and in accordance with the AIC Code and the Financial Services Authority's Listing Rules. The Directors consider that this meets the requirement of the Combined Code on Corporate Governance 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 level of remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company.

KEY: (a) Member of the Audit Committee (b) Member of the Management Engagement Committee (c) Independent of the Manager

Tom Bartlam Chairman (a), (b) & (c)

Born December 1947. Appointed to the Board on 26th June 2003

Tom Bartlam was managing director of Intermediate Capital Group PLC, the leading independent arranger and provider of mezzanine finance in Europe, until his retirement in 2005; he remained a non-executive director until 2009. He is non-executive chairman of Polar Capital Holdings PLC and a non-executive director of Numis Corporation PLC. Prior to founding Intermediate Capital Group PLC in 1989, he worked for Charterhouse Bank, where he was a director involved in their corporate finance and private equity activities. He is a chartered accountant.

Ian Barby Audit Committee Chairman (a), (b) & (c)

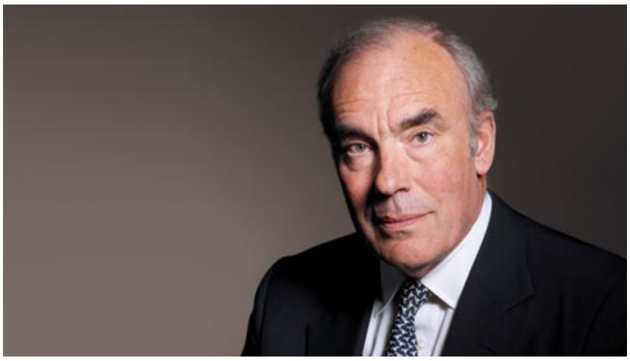
Born January 1945. Appointed to the Board on 28th April 2005

Ian Barby practised as a Barrister before joining Warburg Investment Management Ltd in 1985, subsequently becoming a vice chairman of Mercury Asset Management plc and latterly, until 2003, a managing director of Merrill Lynch Investment Managers. He is currently chairman of Invesco Perpetual UK Smaller Companies Investment Trust PLC and of Ecofin Water and Power Opportunities plc, as well as being a director of Merrill Lynch World Mining Trust plc, Schroder Income Growth Fund plc and SR Europe Investment Trust plc.

Richard Crowder

Born March 1950. Appointed to the Board on 1st September 2000

Richard Crowder holds a range of directorships and consultancy appointments. He is a director of a number of private equity fund-of-funds managed by the Pantheon Group. Having worked as an investment manager with Ivory & Sime in Edinburgh and as 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. He was the founding managing director of Schroders' Channel Islands subsidiary from 1991 to 2000. He is a member of the Securities and Investment Institute and resides in Guernsey.



Peter Readman (b) & (c)

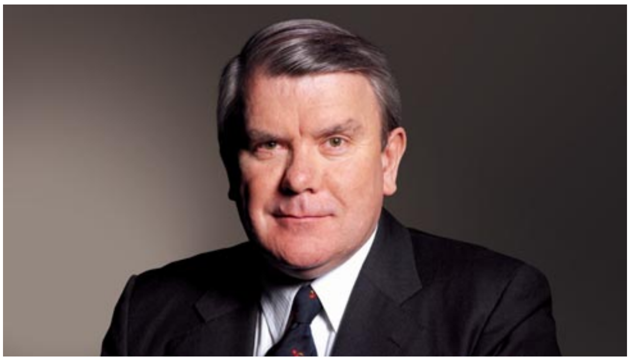
Born December 1946. Appointed to the Board on 20th October 1994

Peter Readman is chairman of Abercromby Property International and of the Chamber Orchestra of Europe. He is an economic advisor to a number of international companies and is a director of Keystone Investment Trust PLC and Schroder Income Growth Fund plc.

Rhoddy Swire

Born March 1951. Appointed to the Board on 7th August 1987

Rhoddy Swire is the founder of Pantheon and a director on the Board of various Pantheon Group companies. In 1981, he joined GT Management Ltd. ("GT"), now a part of Amvescap PLC, with responsibility for investment in unquoted companies. In 1988 he led the buyout of Pantheon Holdings, of which the Company's Manager, Pantheon Ventures Limited, is a subsidiary, from GT. He is chairman of The Lindsell Train Investment Trust PLC, and a director of Lewmar Marine plc and The China Navigation Company Limited.



Sandy Thomson (a), (b) & (c)

Born July 1953. Appointed to the Board on 22nd May 2003

Sandy Thomson is currently Chairman of Taconic Capital Advisors UK LLP and a director of a number of other companies. Prior to joining Taconic, he was managing general partner of an Asian private equity fund located in Hong Kong. He has 25 years' experience in investment banking, private equity and hedge fund investing in the UK, Europe, the USA and Asia.

The Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 30th June 2010.

The Business Review which follows is designed to provide shareholders with information about the Company's business and results in the year to 30th June 2010. It should be read in conjunction with the Chairman's Statement and Manager's Review.

Business Review

Business and Strategy

Pantheon International Participations PLC (the "Company" or "PIP"), a closed-ended investment trust, is the longest established private equity fund-of-funds quoted on the London Stock Exchange. It enables investors to gain access to a substantial portfolio of unquoted companies in the USA, Europe and Asia, within funds managed by experienced private equity managers selected for their ability to outperform.

PIP's primary investment objective is to maximise capital growth by investing in a diversified portfolio of private equity funds and, occasionally, directly in private companies. The Company's full Objective and Investment Policy are set out on pages 35 and 36.

The Company has received written approval from HM Revenue & Customs as an authorised investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30th June 2009. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. The Company has been approved as an investment trust for all previous years. It is the opinion of the Directors that the Company has subsequently directed its affairs so as to enable it to continue to qualify for such approval and the Company will continue to seek approval each year. With effect from the year ended 30th June 2010, approval will be given under Section 1158/9 of the Corporation Tax Act 2010.

The Company's status as an investment trust allows it to obtain an exemption from paying taxes on the profits made from the sale of its investments. Investment trusts offer a number of advantages for investors, including access to investment opportunities that might not be open to private investors and to professional stock selection skills at low cost.

The Company was incorporated and registered in England and Wales on 16 July 1987. It is registered as a public limited company and is an investment company as defined by Section 833 of the Companies Act 2006. It is a member of The Association of Investment Companies ("AIC").

Principal Risks and Uncertainties Facing the Company

The Company invests principally in private equity funds. However, the Company's strategy is to adopt a global fund-of-funds investment programme, maximising returns through selection of the best available funds, and to mitigate investment risk through diversification of the underlying portfolio by geography, investment stage and sector. The principal risks facing the Company include the following:

Funding of investment commitments

In the normal course of its business, the Company typically has outstanding commitments to private equity funds which are substantial relative to the Company's assets. The Company's ability to meet these commitments is dependent upon it receiving cash distributions (the timing and amount of which can be unpredictable) from its private equity investments and, to the extent these are insufficient, on the availability of financing facilities.

Risks relating to investment opportunities

There is no guarantee that the Company will find sufficient suitable investment opportunities, or that the private equity funds in which it invests will find suitable investment opportunities, to achieve the level of diversification which the Company seeks to achieve in relation to its investment portfolio.

Financial risk of private equity

The Company invests in private equity funds and unquoted companies which are less readily marketable than quoted securities and may take a long time to realise. In addition, such investments may carry a higher degree of risk than investments in quoted securities. The Company may be adversely affected by these risks notwithstanding the level of diversification which it seeks to achieve in relation to its investment portfolio.

Long-term nature of private equity investments

Private equity investments are long-term in nature and may take some years before reaching a level of maturity at which they can be realised. Accordingly, it is possible that the Company may not receive a return on investments made by it for a number of years.

Liquidity risk
Due to the Company's investment policy, a large proportion of the Company's portfolio comprises indirect participations in unquoted investments and direct holdings in unquoted investments. Such investments are less readily marketable than quoted securities and realisation of these investments may require a lengthy time period or may result in distributions in kind to the Company.

Valuation uncertainty
In valuing its investments in private equity funds and unquoted companies and in publishing its net asset value, the Company relies to a significant extent on the accuracy of financial and other information provided by these funds and companies to the Manager. There is potential for inconsistency in the valuation methods adopted by these funds and companies. In addition, the information provided is typically more than 90 days old at the time the net asset value of the Company's shares is reported.

Gearing
As at 30th June 2010 the Company had borrowings of £127m. The use of gearing can cause both gains and losses in the asset value of the Company to be magnified. The Company may also invest in private equity funds or unquoted companies which are geared by loan facilities that rank ahead of the Company's investment both for payment of interest and capital. As a consequence, the Company may be exposed to gearing through the borrowings from time to time of such private equity funds and companies, therefore investment in such assets presents a higher risk as to their capital return.

Foreign currency risk
The Company makes investments in US dollars, euros and other currencies as well as sterling. Accordingly, the Company is exposed to currency exchange rate fluctuations.

Competition
The Company competes for investments with other investors. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available and adversely affecting the terms upon which such investments can be made.

Unregulated nature of underlying investments
The private equity funds and underlying unquoted investments that form the basis of the majority of the Company's portfolio are not subject to regulation by the Financial Services Authority or an equivalent regulatory body. Funds and unquoted companies in which the Company invests (directly or indirectly) may be domiciled in jurisdictions which do not have a regulatory regime which provides an equivalent level of investor protection to that provided under the laws of the United Kingdom.

Defaults on commitments
If, in consequence of any failure to meet a demand for payment of any outstanding unpaid capital commitment of the Company to any private equity fund in which the Company has invested, the Company is treated as a defaulting investor by that fund, the Company may suffer a resultant dilution in its interest in that fund and, possibly, the compulsory sale of that interest.

Taxation
Any change in the Company's tax status or in taxation legislation or practice could affect the value of the investments held by and the performance of the Company. In addition, the income and gains of the Company from its investments may suffer withholding tax which may not be reclaimable in the countries where such income and gains arise.

The Manager and other third party advisers
Like most investment trust companies, the Company has no employees and the Directors are all non-executive. The Company is dependent upon the services of Pantheon Ventures Limited ("Pantheon") as Manager and may be adversely affected if the services of Pantheon cease to be available to the Company. Details of the terms of the Management Agreement are set out on pages 42 and 43.

Other third party service providers on whom the Company relies include Capita Sinclair Henderson Limited, which provides administrative, accounting and company secretarial services, and HSBC Bank plc, which acts as Custodian.

Further information on risks
Further information on the principal risks the Company faces in its portfolio management activities and the policies for managing these risks and the policy and practice with regard to financial instruments are summarised in Note 21 to the financial statements.

Review of 2009/2010

Net asset value
The Company's total net assets attributable to shareholders increased during the year to £636.5 million (2009: £513.6 million). The net asset value per ordinary share and redemption value per redeemable share was 958.71p at 30th June 2010 (2009: 773.62p).

Results and dividends
The results for the year are as set out in the Income Statement page 58. This shows that the Company's net revenue deficit on ordinary activities before taxation for the year was £9.1 million (2009: deficit of £14.7 million) and capital returns were £133.1 million (2009: deficit of £207.4 million). The Directors do not recommend the payment of a dividend in respect of the year ended 30th June 2010 (2009: nil).

The Directors' Report

(CONTINUED)

Performance highlights
The Board and the Manager monitor the following Key Performance Indicators:

1. The net asset value performance
2. The level of discount
3. The total expense ratio

PIP's net asset value per share increased by 23.9% to 958.71p in the year to 30th June 2010. Net assets increased by £122.9 million to £636.5 million. The net asset value returns over 1 year, 3 years, 5 years and 10 years are set out on page 2.

The 23.9% increase in PIP's net asset value per share compares with increases in the MSCI World Total Return (sterling) Index of 21.9% and the FTSE All-Share Total Return Index of 21.1% respectively. PIP's ordinary share price during the year increased by 64.6% and the discount narrowed to 49.3% at the year end (discount of 61.8% at 30th June 2009).

The total expense ratio of the Company for the year ended 30th June 2010 was 1.47% (2009: 2.05%). The total expense ratio, which is calculated using closing net asset value, is lower in the year to 30th June 2010, partly due to the denominator effect of an increase in closing net asset value year-on-year. An additional factor was the 11% reduction in absolute fees charged to the income account in the year ended 30th June 2010, driven by movements in net asset value and lower outstanding commitments.

Future Developments

A review of the year to 30th June 2010 and the outlook for the coming year can be found in the Chairman's Statement on pages 4 to 6.

Share Capital

As at 30th June 2010 and as at the date of this Report, the Company had shares in issue as shown in the table below, all of which are admitted to trading on the London Stock Exchange.

No shares were issued or repurchased by the Company and no shares were held in treasury during the year or since the year end.

The redeemable shares do not carry any right to speak or vote at general meetings of the Company, including on resolutions for the issue or buy back of shares, although holders of redeemable shares are entitled to receive notice of general meetings of the Company and to attend such meetings. Redeemable shares do carry the right to vote at separate class meetings of the holders of redeemable shares in a number of circumstances set out in the Articles of Association.

Further details of the rights attaching to each of the Company's classes of share are included in Note 14 to the financial statements.

Social, Environmental, Community and Employee Issues

The Company has no employees and the Board consists entirely of non-executive Directors. As an investment trust, the Company has no direct impact on the community or the environment. The Manager is committed to the Principles for Responsible Investing and its policies are set out on pages 30 and 31. These Principles are integrated into Pantheon's investment analysis and decision-making process, as well as during post-investment monitoring.

Management

The Company's investment manager, Pantheon Ventures Limited, is one of the world's foremost private equity fund-of-funds managers and has acted as Manager to the Company since its inception in 1987. Affiliated Managers Group, Inc. ("AMG"), alongside senior members of the Pantheon team, acquired Pantheon in 2010. The new ownership structure, with Pantheon senior management owning a meaningful share of the equity in the business, provides a framework for long-term succession and enables Pantheon management to continue to direct the firm's day-to-day operations. AMG is a global asset management company with equity investments in leading boutique investment management firms.

Pantheon evaluates and manages investments on the Company's behalf in line with the strategy agreed by the Board.

The Manager acts under a management agreement with the Company dated 25th February 2004 (as amended by supplemental agreements dated 9th August 2004 and 30th January 2007) (the "Management Agreement").

Share Capital and Voting Rights	NUMBER OF SHARES IN ISSUE	VOTING RIGHTS ATTACHED TO EACH SHARE	% OF TOTAL VOTING RIGHTS REPRESENTED BY EACH CLASS
ORDINARY SHARES OF 67P EACH	37,521,013	1	100
REDEEMABLE SHARES OF 1P EACH	28,871,255	–	–
TOTAL VOTING RIGHTS	37,521,013		

Under the terms of the Management Agreement (as amended) Pantheon has been appointed as the sole and exclusive discretionary manager of all the assets of the Company from time to time and to provide certain additional services in connection with the management and administration of the Company's affairs, including monitoring the performance of, and giving instructions on behalf of the Company to, other service providers to the Company.

The Manager is entitled to a monthly management fee at an annual rate of (i) 1.5% on the value of the Company's investment assets up to £150 million and (ii) 1% on the value of such assets in excess of £150 million. In addition, the Manager is entitled to a monthly commitment fee of 0.5% per annum on the aggregate amount committed (but unpaid) in respect of investments, up to a maximum amount equal to the total value of the Company's investment assets.

The Manager was also entitled to a performance fee from the Company in respect of the period of 18 months commencing on 1st January 2007 and ending on 30th June 2008 and, thereafter, is entitled to a performance fee from the Company in respect of each 12 calendar month period ending on 30th June in each year. The performance fee payable in respect of each such calculation period is 5% of the amount by which the net asset value at the end of such period exceeds 110% of the applicable "high-water mark", i.e. the net asset value at the end of the previous calculation period in respect of which a performance fee was payable, compounded annually at 10% for each subsequent completed calculation period up to the start of the calculation period for which the fee is being calculated. If no performance fee has previously been expensed, the applicable "high-water mark" is the aggregate net asset value of all the shares of the Company in issue as at 31st December 2006 multiplied by 1 + (181 / 365 x 10%), compounded annually at 10% for each completed 12 calendar month period after 30th June 2007 up to the start of the calculation period for which the fee is being calculated.

The performance fee is calculated so as to ignore the effect on performance of any performance fee payable in respect of the period for which the fee is being calculated or of any increase or decrease in the net assets of the Company resulting from any issue, redemption or purchase of any shares or other securities, the sale of any treasury shares or the issue or cancellation of any subscription or conversion rights for any shares or other securities and any other reduction in the Company's share capital or any distribution to shareholders.

The value of investments in, and outstanding commitments to, investment funds managed or advised by the Pantheon group ("Pantheon Funds") are excluded in calculating the monthly management fee and the commitment fee. In addition, the Manager has agreed that the total fees (including performance fees) payable by Pantheon Funds to members of the Pantheon group and attributable to the Company's investments in Pantheon Funds shall be less than the total fees (excluding the performance fee) that the Company would have been charged under the Management Agreement had it invested directly in all of the underlying investments of the relevant Pantheon Funds instead of through the relevant Pantheon Funds.

The Management Agreement is capable of being terminated (without penalty to the Company) by either party giving two years' notice in writing. It is capable of being terminated by the Company (without penalty to the Company) immediately if, among other things, the Manager defaults or goes into liquidation and on six months' notice if there is a change of control of the Manager or if certain "key man" provisions are triggered. The Manager has the benefit of an indemnity from the Company in respect of liabilities arising out of the proper performance by the Manager of its duties and compliance with instructions given to it by the Board and an exclusion of liability save to the extent of any negligence, fraud, wilful default or breach of duty.

Under the terms of the Management Agreement, the Company is entitled to participate in allocations made by the Pantheon group, under its secondary investment programme, of opportunities to acquire secondary investments, other than certain co-investment opportunities in single companies or business entities. The Company is entitled to be allocated half of any such opportunity (other than a single fund secondary investment opportunity) up to an acquisition cost of $40 million and 25% of any balance. The Company is also entitled to be allocated, on the same basis, a share of the excess participation in single fund secondary investment opportunities which cannot be allocated to the Pantheon group's regional fund-of-funds clients. This basis for allocation to PIP of secondary investments applies until replaced by alternative allocation arrangements. It will apply during the investment period of Pantheon Global Secondary Fund III ("PGSF III"), a fund established by the Pantheon group in July 2006 for the purpose of acquiring secondary investments, and will continue to apply during the investment period of Pantheon Global Secondary Fund IV ("PGSF IV"), a successor fund to PGSF III.

An alternative basis for the allocation to the Company of secondary investment opportunities may be applied by Pantheon in the context of a successor fund to PGSF IV. In the event of Pantheon and the Company being unable to agree any such alternative allocation basis, Pantheon will cease to be entitled to any performance fee for calculation periods following that in which the alternative allocation basis takes effect and the Company will be entitled to terminate the Management Agreement (without penalty to the Company) on six months' notice.

The Board keeps under review the performance of the Manager. The ongoing review of the Manager includes activities and performance over the course of the year and review against the Company's peer group. The Board are of the opinion that it is in the interests of shareholders to continue the appointment. The reasons for this view are that the investment performance is satisfactory and the Manager is best placed to continue to manage the assets of the Company according to the Company's strategy.

Under an agreement dated 20th November 1997, administrative, accounting and company secretarial services are provided by Capita Sinclair Henderson Limited. The Administration Agreement may be terminated by twelve months' written notice.

Related party transactions and Directors' interests in contracts and agreements are disclosed in Note 22 to the financial statements.

The Directors' Report

(CONTINUED)

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, including its financial position, are set out in the Chairman's Statement and Manager's Review on pages 4 to 36. After due consideration of the balance sheet and activities of the Company and the Company's assets, liabilities, commitments and financial resources the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Corporate Governance

The Statement on Corporate Governance on pages 48 to 54 forms part of the Directors' Report.

Directors

The Directors in office during and at the end of the year are shown on pages 38 and 39.

The interests of the Directors and their families in the ordinary shares and redeemable shares of the Company are as shown below. These interests are beneficial. There were no changes to these interests between 30th June 2010 and the date of this Report.

Mr Swire is a director of Pantheon Ventures Limited, the Company's Manager, and is therefore deemed to have an interest in the Management Agreement.

The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are discussed on page 49.

There are no agreements between the Company and its Directors concerning compensation for loss of office.

Directors' Interests

Directors' Interests		2010	2009
T.H. BARTLAM	Ordinary shares	12,000	12,000
	Redeemable shares	–	–
I.C.S. BARBY	Ordinary shares	24,000	24,000
	Redeemable shares	–	–
R.J. CROWDER	Ordinary shares	75,000	75,000
	Redeemable shares	–	–
J.P.A. READMAN	Ordinary shares	13,320	13,320
	Redeemable shares	4,587	4,587
R.M. SWIRE	Ordinary shares	77,430	77,430
	Redeemable shares	5,798	5,798
A. THOMSON	Ordinary shares	–	–
	Redeemable shares	–	–

Substantial Shareholders

As at the date of this Report, the Company had received notification of the following substantial interests in the voting rights of the Company:

	VOTING RIGHTS	%
JOHN LEWIS PARTNERSHIP PENSIONS TRUST LIMITED	2,175,000	5.80
CO-OPERATIVE FINANCIAL SERVICES LIMITED	1,925,557	5.13
ASSET VALUE INVESTORS	1,880,326	5.01
Includes the holding of British Empire Securities and General Trust plc	1,189,287	3.17
LEGAL & GENERAL GROUP PLC	1,479,551	3.94
BAE SYSTEMS PENSION FUND TRUSTEES LIMITED	1,315,809	3.51
MR DOMINIC BRENDAN FLYNN AS TRUSTEE*	1,188,278	3.17
MISS JUDITH PORTRAIT AS TRUSTEE*	1,188,278	3.17
WEST MIDLANDS PENSION FUND	1,148,375	3.06

** The holdings of Miss Judith Portrait as trustee and Mr Dominic Brendan Flynn as trustee include duplications.*

Payment of Suppliers

It is the Company's 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. As at 30th June 2010, suppliers' invoices totalling £849,000 were due (2009: suppliers' invoices totalling £4.3 million were due).

Information About Securities Carrying Voting Rights

> The Company's capital structure and voting rights are summarised on page 42.

> Details of the substantial shareholders in the Company are listed on page 44.

> Amendment of the Company's Articles of Association and the giving of powers to issue or buy back the Company's shares require an appropriate resolution to be passed by shareholders. Proposals for the renewal of the Board's current powers to issue and buy back shares are detailed on pages 45 to 47.

> There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Annual General Meeting

The Company's next Annual General Meeting ("AGM") will be held at 12 noon on 24th November 2010. The notice convening the meeting (the "Notice of AGM") accompanies this Report and is set out on pages 77 to 81.

At the forthcoming AGM, ordinary shareholders are being asked to vote on various items of business that are routinely considered at the Company's annual general meetings. These are the receipt and adoption of the reports of the Directors and Auditors and the financial statements for the year ended 30th June 2010, the receipt and approval of the Directors' Remuneration Report, the re-appointment of Directors, the re-appointment of the Auditors, Grant Thornton UK LLP, the authorisation of the Directors to determine the remuneration of the Auditors, the granting of authorities in relation to the allotment of shares, the disapplication of pre-emption rights and the purchase by the Company of its own shares and the approval of the holding of general meetings (other than annual general meetings) on not less than 14 clear days' notice. Resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 to 12 as special resolutions.

The Directors' Remuneration Report is set out on page 55. An explanation of the resolutions relating to the re-appointment of Directors and the recommendation of the Nomination Committee as to voting in this regard are set out in the Statement on Corporate Governance on page 49.

Authority to Allot Shares and Disapplication of Statutory Pre-Emption Rights

The authorities given to the Directors at the AGM held on 26th November 2009 to allot shares and to allot equity securities (and sell shares held as treasury shares) for cash otherwise than in accordance with statutory pre-emption rights (which require that, when new shares are issued, or treasury shares are sold, for cash, the shares are first offered to existing shareholders in proportion to their existing holdings of shares) will expire at the forthcoming AGM.

Resolution 9 set out in the Notice of AGM, an ordinary resolution, will, if passed, authorise the Directors for a period of 15 months from the date on which the Resolution is passed (or until the following AGM, if earlier) to allot ordinary shares and redeemable shares in the Company and to grant rights to subscribe for or convert a security into such shares and will replace the current authority granted to Directors at last year's AGM.

The authority conferred by Resolution 9, if passed, will permit the allotment of redeemable share capital of the Company equal to £1,000,000 less the aggregate nominal amount of the redeemable shares of the Company in issue as at the date the resolution is passed. As at the date of this Report, the aggregate nominal amount of the redeemable shares of the Company in issue is £288,712.55 (comprising 28,871,255 redeemable shares of 1p each). In the case of allotments of ordinary shares, the authority is limited to ordinary share capital of £8,379,692.90, being one-third of the issued ordinary share capital of the Company as at the date of this Report.

On the basis that no additional redeemable shares are allotted and that no existing issued redeemable shares are redeemed prior to the AGM, the maximum nominal amount of £9,090,980.35 which the Directors will be authorised to allot by the passing of Resolution 9 represents 36.16% of the issued ordinary share capital of the Company and includes redeemable share capital representing 246.37% of the issued redeemable share capital of the Company, both as at the date of this Report. As at such date, the Company is not holding any shares as treasury shares.

The Directors' Report

(CONTINUED)

Resolution 10 set out in the Notice of AGM, a special resolution, will, if passed, authorise the Directors for a period of 15 months from the date on which the Resolution is passed (or until the following AGM, if earlier) to allot equity securities for cash pursuant to the authority conferred by Resolution 9 as described above and to sell for cash ordinary shares and redeemable shares held by the Company as treasury shares, in each case otherwise than by way of a pre-emptive offer to existing shareholders. This authority will replace the current authority granted to Directors at last year's AGM. Equity securities for this purpose means ordinary shares and redeemable shares in the Company and rights to subscribe for or convert a security into such shares. Resolution 10, if passed, will have the effect of disapplying the statutory pre-emption rights referred to above in relation to (i) the allotment of equity securities and sale from treasury of ordinary shares and redeemable shares up to the maximum amount of share capital permitted by Resolution 9 where such securities or shares are offered to ordinary and redeemable shareholders in proportion to their existing holdings of ordinary and redeemable shares, except where exclusions are necessary or desirable to deal with fractional entitlements, regulatory requirements and/or legal or practical issues; (ii) the grant of subscription and conversion rights in relation to and the allotment (including the sale from treasury), at a price per share not less than the most recently calculated net asset value per share at the time of issue (or sale), of redeemable shares up to an aggregate nominal amount equal to £1,000,000 less the aggregate nominal amount of the redeemable shares of the Company in issue as at the date of the AGM; and (iii) the grant of subscription and conversion rights in relation to and the allotment (including the sale from treasury), at a price per share not less than the most recently calculated net asset value per share at the time of issue (or sale), of up to £2,513,907.87 in aggregate nominal amount of ordinary share capital, being 10% of the issued ordinary share capital of the Company as at the date of this Report.

On the basis that no additional redeemable shares are allotted, and that no existing issued redeemable shares are redeemed, prior to the AGM, the maximum amount in respect of which the statutory pre-emption rights are disapplied under Resolution 10 (other than in relation to sub-paragraph (i) above) represents 12.68% of the issued equity share capital of the Company as at the date of this Report, and includes ordinary share capital representing 10% of the issued ordinary share capital of the Company and redeemable share capital representing 246.37% of the issued redeemable share capital of the Company, in each case as at the date of this Report.

The Company's redeemable shares allow the Company flexibility to raise additional funds and return excess cash generated by the Company's investments. The authorities to be conferred by Resolutions 9 and 10 will continue to permit the Company similar flexibility in raising additional funds as was approved at the AGM held in 2009 (and previously at the AGMs held in 2004 to 2008) and the Directors intend to use the authorities to facilitate future issues of redeemable shares (including any issues pursuant to the standby subscription agreements with certain institutions described on page 15) and ordinary shares (at or above the prevailing net asset value per share at the time of issue, where the shares to be issued are not offered to ordinary and redeemable shareholders in proportion to their existing holdings), to raise funds for investment by the Company in accordance with its investment policy, as and when required from time to time.

Purchase of Own Shares

At last year's AGM the Directors were authorised to make market purchases of the Company's redeemable shares and ordinary shares. No shares have been bought back under this authority. Resolution 11 set out in the Notice of AGM, a special resolution, will, if passed, renew this authority by authorising the Company for a period of 18 months (or until the following AGM, if earlier) to make market purchases of up to 14.99% of the redeemable shares in circulation, representing 4,327,801 redeemable shares at the date of this report, and up to 14.99% of the ordinary shares in circulation, representing 5,624,399 ordinary shares as at the date of this Report. The maximum price (exclusive of expenses) which may be paid by the Company in relation to any such purchase is the higher of (i) 5% above the average of the market values of shares of the relevant class for the five business days before the purchase and (ii) the higher of the price of the last independent trade and the highest current bid on the London Stock Exchange. The minimum price which may be paid is 1p per share in the case of a purchase of redeemable shares and 67p per share in the case of a purchase of ordinary shares.

As at the date of this Report, there are no outstanding warrants or options to subscribe for shares in the Company.

The Directors believe that the discount to net asset value at which redeemable shares and ordinary shares trade in the market from time to time may make it beneficial for the Company to use surplus cash (to the extent available) and/or short-term borrowings in order to repurchase shares. The Directors accordingly may cause the Company to use, each year, up to 1% of the total net assets attributable to its issued redeemable shares and ordinary shares for the purpose of repurchasing such shares. At the same time it is proposed that the Company should retain the ability to undertake a more comprehensive share buy-back policy, although the Company would typically seek to return excess cash through the redemption of redeemable shares at NAV. Accordingly, such a buy-back would only be undertaken in circumstances where the Directors believe that it would benefit shareholders. In repurchasing shares, the Company may repurchase redeemable shares or ordinary shares or both in any combination or proportions as the Directors consider to be appropriate. The Company will consider holding any of its own shares which it purchases pursuant to the authority to be conferred by Resolution 11, if passed, as treasury shares rather than cancelling them, if the Directors determine in connection with any such purchase that it would be advantageous for the Company to do so.

Notice Period for General Meetings

Resolution 12, a special resolution, will renew the approval of 14 clear days as the minimum period of notice for all general meetings of the Company (other than annual general meetings). The approval will be effective until the Company's next AGM, when it is intended that renewal will be sought. The Directors will only call general meetings on 14 clear days' notice where they consider it to be in the best interests of shareholders to do so, and should such a meeting be called, the Company will offer facilities for all shareholders to vote by electronic means.

Recommendation

Full details of all the above resolutions are provided in the Notice of Meeting on pages 77 to 81.

The Directors consider that all the resolutions to be proposed at the AGM are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that ordinary shareholders vote in favour of all the resolutions to be proposed as they intend to do in respect of their own beneficial holdings.

Auditors

Resolutions to re-appoint Grant Thornton UK LLP and to authorise the Directors to determine their remuneration will be put to shareholders at the forthcoming AGM.

Information to Auditors

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

On behalf of the Board
TOM BARTLAM
Chairman
12th October 2010

Statement on Corporate Governance

The Company is committed to maintaining high standards of corporate governance and the Directors are accountable to shareholders for the governance of the Company's affairs.

This Statement forms part of the Directors' Report set out on pages 40 to 47.

Compliance with the Provisions of the Combined Code and the AIC Code

The Board has considered the principles and recommendations of the Association of Investment Companies' Code of Corporate Governance (the "AIC Code"), by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code on Corporate Governance (the "Combined Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders.

In February 2009, the Financial Reporting Council (the "FRC"), the UK's independent regulator for corporate reporting and governance responsible for the Combined Code, reconfirmed its endorsement of the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC Members who report against the AIC Code and the AIC Guide meet fully their obligations under the Combined Code and the related disclosure requirements contained in the Listing Rules.

The Board has noted the recent publication of the new UK Corporate Governance Code, which will replace the Combined Code, and that the AIC intends to update the AIC Code as relevant. These new Codes will be effective for the Company's next annual report, and the Board will be considering its compliance with them during the course of the current financial year.

A copy of the AIC Code and the AIC Guide can be obtained via the AIC website, www.theaic.co.uk. A copy of the Combined Code can be obtained at www.frc.org.uk.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, to the extent that they are relevant to the Company's business, throughout the year ended 30th June 2010.

The Combined Code includes provisions relating to:

> the role of a chief executive;
> executive directors' remuneration; and
> the need for an internal audit function.

For the reasons set out in the AIC Guide, and in the preamble to the Combined Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

Due to the illiquid nature of the portfolio, a full portfolio listing is not available.

Board Members

The Board consists of six Directors, all of whom are non-executive and resident in the UK, except Mr Crowder who resides in Guernsey. The Company has no employees. The Board seeks to ensure that it has the appropriate balance of skills, experience, ages and length of service amongst its members. The Directors possess a wide range of business and financial expertise relevant to the direction of the Company, and consider themselves as committing sufficient time to the Company's affairs.

The terms and conditions of the appointment of the non-executive Directors are set out in letters of appointment, copies of which are available for inspection at the registered office of the Company and will be available at the AGM. None of the Directors had a contract of service with the Company as at 30th June 2010. Brief biographical details of the Directors, including details of their other directorships and significant commitments, can be found on pages 38 and 39.

On appointment to the Board, Directors are fully briefed as to their responsibilities and are given the opportunity to talk to the relevant executive members of the management company throughout their terms in office.

Board Operation

The Directors of the Company meet at regular Board meetings, normally eight times throughout the year, and additional meetings and telephone meetings are arranged as necessary. Eight scheduled meetings were held during the year to 30th June 2010. Messrs Bartlam, Barby and Readman attended all of the eight Board meetings, and Messrs Crowder, Swire and Thomson attended seven Board meetings. All Directors attended the AGM.

In order to review the effectiveness of the Board as a whole, its Committees and individual Directors, the Company has implemented a thorough appraisal process, encompassing both quantitative and qualitative measures of performance in respect of the Board and its Committees. The appraisal process was conducted by the Chairman by way of an evaluation questionnaire and interviews and took place in July 2010; it will be repeated annually. The appraisal of the Chairman followed the same process and was carried out by the Board as a whole under the leadership of Mr Readman (the Senior Independent Director).

Chairman and Senior Independent Director

The Chairman, Mr Bartlam, is deemed by his fellow independent Board members to be independent and to have no conflicting relationships. Mr Bartlam is also a non-executive director of Numis Corporation PLC and non-executive Chairman of Polar Capital Holdings PLC. He considers himself to have sufficient time to commit to the Company's affairs.

Mr Readman has been appointed by the Board as the Senior Independent Director of the Company. He provides a channel for any shareholder concerns regarding the Chairman and takes the lead in the annual evaluation of the Chairman by the independent Directors.

Directors' Independence

In accordance with the Listing Rules that apply to closed-ended investment entities and taking into consideration the AIC Code, the Board has reviewed the status of its individual Directors and the Board as a whole.

Mr Swire is a director of Pantheon Ventures Limited, the Company's Manager, and was formerly a director and Senior Partner of Pantheon Holdings Limited, and is therefore not considered to be independent under the terms of the AIC Code.

Mr Crowder is currently a director of a number of private equity fund-of-funds managed by the Pantheon group, the majority of which PIP is invested in, and by virtue of that fact is not considered to be an independent Director of the Board under the terms of the AIC Code.

Mr Readman was first elected to the Board in 1994. The Board considers that the independence in character and judgement of Mr Readman is not compromised by his length of service but, on the contrary, is strengthened by continuity and experience and therefore Mr Readman is considered to be independent.

Messrs Barby, Bartlam and Thomson are each considered to be independent in both character and judgement. Accordingly, four of the six Board members are independent and thus the majority of the Board comprises independent non-executive Directors.

Re-appointment of Directors

The Board's policy with regard to tenure of office is that any Director having served for nine years since his first election will be required to seek annual re-appointment thereafter. Accordingly, Mr Readman is required to seek re-appointment at the forthcoming AGM and at each AGM thereafter.

For the purpose of compliance with the FSA Listing Rules in relation to board independence, for so long as any Director of the Company is also a director or employee of or a professional adviser to the Company's Manager (or any other company in the same group) or is a director of another investment company or fund managed by the Company's Manager (or any other company in the same group), that Director will seek re-appointment at each AGM. Accordingly, Messrs Crowder and Swire are due to seek re-appointment at the forthcoming AGM.

In accordance with the terms of the Articles of Association, one-third of Directors will retire by rotation at the forthcoming AGM and no Director shall serve a term of more than three years before re-appointment. Mr Barby shall accordingly retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

Resolutions to re-appoint Messrs Barby, Crowder, Readman and Swire are contained within the Notice of AGM on page 77. The Nomination Committee has reviewed the appointment of each Director retiring at the forthcoming AGM. Following a formal performance evaluation, the Nomination Committee members recommend that shareholders vote for the re-appointments of Messrs Barby, Crowder, Readman and Swire as they believe that their performance continues to be effective, that they demonstrate commitment to their roles as non-executive Directors of the Company and they have actively contributed during meetings throughout the year.

Before voting, shareholders are requested to note that in the opinion of the other members of the Nomination Committee, each of the retiring Directors has many years' relevant experience of UK private equity and the investment trust industry which is of great value to the Company and its Board.

Statement on Corporate Governance

(CONTINUED)

Board Responsibilities and Relationship with the Manager

The Board is responsible for the determination and implementation of the Company's investment policy and for monitoring compliance with the Company's objectives. At each Board meeting the Directors follow a formal agenda to review the Company's investments and all other important issues, such as asset allocation, gearing policy, corporate strategic issues, cash management, peer group performance, marketing and shareholder relations, investment outlook, revenue forecasts and outlook, to ensure that control is maintained over the Company's affairs. The Board regularly considers its overall strategy and monitors the share price level of discount.

The Board is responsible for the investment policy and strategic and operational decisions of the Company and for ensuring that the Company is run in accordance with all regulatory and statutory requirements. These procedures have been formalised in a schedule of matters reserved for decision by the full 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; and

> review of matters delegated to the Manager, Administrator or Company Secretary.

The management of the Company's assets is delegated to Pantheon. At each Board meeting, a representative of Pantheon is in attendance to present verbal and written reports covering its activity, the portfolio and investment performance over the preceding period. Ongoing communication with the Board is maintained between formal meetings. The Manager ensures that Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made and contacts the Board as required for specific guidance on particular issues. Pantheon has discretion to manage the assets of the Company in accordance with the Company's objectives and policies, subject to certain investment restrictions (which may be amended by the Company from time to time with the consent of the Manager). The investment restrictions currently imposed on the Manager are as follows:

> an investment which would result in the aggregate outstanding investment commitments of the Company exceeding 150% of the net asset value of the Company at the time the investment is made, or the aggregate cash, loan and redeemable share commitment resources then available to the Company being less than 30% of such aggregate outstanding commitments, requires the prior approval of the Board;

> no direct or indirect investment in a single company shall form more than 5% of the gross asset value of the Company at the time the investment is made;

> the amount invested (including amounts committed for investment) in respect of a single fund shall not exceed 10% of the aggregate of the gross asset value of the Company and the aggregate outstanding investment commitments of the Company at the time the investment is made;

> an investment must not result in the aggregate amount invested or committed for investment by the Company in respect of funds managed by a single fund management group being more than 20% of the aggregate of the gross asset value of the Company and the aggregate outstanding investment commitments of the Company at the time such investment is made;

> the prior approval of the Board is required for an investment (including investment commitments) in respect of a single secondary interest in an existing fund or a portfolio of secondary interests in existing funds and/or direct investments in one or more companies exceeding 3% of the net asset value of the Company at the time the investment is made; and

> direct investment of £5 million or more in respect of a single company requires the prior approval of the Board.

In applying the above restrictions, the Company looks through holding and special purpose vehicles and investment vehicles established and managed or advised by the Manager or any other company in the Pantheon group. The Manager has also agreed that it will obtain the prior approval of the Board in relation to any primary investment in a new fund which is made otherwise than on a pro-rata basis with other Pantheon clients investing in the same fund and in relation to any investment in a vehicle managed by a member of the Pantheon group, other than holding, special purpose and feeder vehicles where no fee is charged by the Pantheon group.

The Board determines the parameters of investment strategy and risk management policies within which the Manager can exercise judgement, and sets the investment and risk management strategies in relation to currency exposure. The Company Secretary and Manager prepare briefing notes for Board consideration on matters of relevance, for example changes to the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice.

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

The Company has arranged a Directors' and Officers' Liability insurance policy which includes cover for legal expenses.

The Company's Articles of Association take advantage of statutory provisions to indemnify the Directors against certain liabilities owed to third parties even where such liability arises from conduct amounting to negligence or breach of duty or of trust. In addition, under the terms of appointment of each Director, the Company has agreed, subject to the restrictions and limitations imposed by statute and by the Company's Articles of Association, to indemnify each Director against all costs, expenses, losses and liabilities incurred in execution of his office as Director or otherwise in relation to such office. Save for such indemnity provisions in the Company's Articles of Association and in the Directors' terms of appointment, there are no qualifying third party indemnity provisions in force.

Conflicts of Interest

It is a statutory requirement that a Director must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests (a "situational conflict"). The Company's Articles of Association give the Directors authority to approve such situations, where appropriate.

It is the responsibility of each individual Director to avoid an unauthorised conflict situation arising. He must request authorisation from the Board as soon as he becomes aware of the possibility of a situational conflict arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include whether the situational conflict could prevent the Director from properly performing his duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgment and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

A register of conflicts is maintained by the Company Secretary and is regularly reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Committees of the Board

The Board has appointed a number of Committees as set out below to which certain Board functions have been delegated. Each of these Committees has formal written terms of reference which clearly define their responsibilities and these can be inspected at the registered office of the Company.

Audit Committee

During the year ended 30th June 2010 the Audit Committee comprised Messrs Barby, Bartlam and Thomson, all independent non-executive Directors of the Company.

Mr Barby, Chairman of the Audit Committee, is a qualified Barrister with wide experience of the investment management industry and of the investment trust sector. It is felt by the Committee that he is sufficiently qualified for the position of Chairman of the Audit Committee. Mr Bartlam is a chartered accountant.

The Committee met on three occasions during the year ended 30th June 2010, which were attended by all Committee members. It is intended that the Committee will continue to meet at least three times a year, to review the Half Yearly Report, to review the year-end valuation of investments and to approve the Company's Annual Report and Accounts.

Statement on Corporate Governance

(CONTINUED)

The primary responsibilities of the Audit Committee are: to monitor the integrity of the financial statements and accounting policies of the Company; to review the effectiveness of the internal control environment of the Company and monitor adherence to best practice in corporate governance; to make recommendations to the Board in relation to the re-appointment of the Auditors and to approve their remuneration and terms of engagement; to review and monitor the Auditors' independence and objectivity and the effectiveness of the audit process; and to provide a forum through which the Company's Auditors report to the Board. The Audit Committee also has responsibility for reviewing the whistle blowing procedures, and for receiving reports from the compliance officer, of the Manager. Committee members consider that individually and collectively, they are appropriately experienced to fulfil the role required.

The Audit Committee has direct access to the Company's Auditors, Grant Thornton UK LLP, and representatives of Grant Thornton UK LLP attend each Committee meeting. On the basis of these meetings, the Audit Committee has been able to assess the effectiveness of the external audit. Should the Auditors provide non-audit services to the Company, the Committee ensures that auditor objectivity and independence is safeguarded. The Board's policy is that non-audit work may be carried out by the Company's Auditors unless there is a conflict of interest or someone else is considered to have more relevant experience. Non-audit services amounting to £17,000 were provided during the year ended 30th June 2010 (2009: £26,000), relating to review of the quarterly net asset value calculation.

Following consideration of the performance of the Auditors, the service provided during the year and a review of their independence and objectivity, the Audit Committee recommended to the Board the re-appointment of Grant Thornton UK LLP as Auditors to the Company.

The Chairman of the Audit Committee will be present at the AGM to deal with any questions relating to the financial statements.

Management Engagement Committee

The Management Engagement Committee comprises all the independent non-executive Directors and is chaired by Mr Bartlam. In accordance with the requirements of the AIC Code the Committee meets at least once a year to review the performance of the Manager's obligations under the Management Agreement, and to consider any variation to the terms of this Agreement. The Management Engagement Committee also reviews the performance of the Company Secretary, the Custodian and the Registrar and any matters concerning their respective agreements with the Company. The Management Engagement Committee met on one occasion during the year under review, at which all Committee Members were present. The Committee agreed that the performance of each of the service providers was satisfactory.

Nomination Committee

The Nomination Committee comprises the entire Board, is chaired by Mr Bartlam, and has been formally constituted to assist the Board in making recommendations on all new Board appointments. The Committee met with all members present on one occasion during the year ended 30th June 2010, to consider and make recommendations to the Board concerning the re-appointment of those Directors seeking re-election. It is intended that the Nomination Committee will continue to meet at least once a year.

The role of the Committee is to undertake the formal process of reviewing the balance and effectiveness of the Board and consider succession planning, identifying the skills and expertise needed to meet the future challenges and opportunities facing the Company and those individuals who might best provide them. The Committee makes recommendations to the Board with regard to the criteria for future Board appointments and the methods of selection as and when necessary, the appointment of a Senior Independent Director, membership of the Audit Committee, and the re-appointment of those Directors standing for re-election at AGMs.

The Committee is responsible for assessing the time commitment required for each Board appointment and ensuring that the present incumbents have sufficient time to undertake them and for reviewing the Directors' performance appraisal process.

Remuneration Committee

As the Company has no employees and the Board is composed solely of non-executive Directors, it is not considered necessary to have a Remuneration Committee. It is the responsibility of the Board as a whole to determine and approve Directors' fees, following proper consideration, having regard to the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities, the time committed to the Company's affairs and remuneration levels generally within the investment trust sector. The Chairman's remuneration is decided and approved by the Board under the leadership of the Senior Independent Director.

Detailed information on the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Report on page 55.

Institutional Investors – Use Of Voting Rights

The Company has delegated matters relating to its investments to its Manager, which has a policy of advising its clients to vote on all corporate actions in relation to investments. Pantheon consults with the Directors of the Company in the case of any corporate action where either there is a conflict of interest between PIP and other Pantheon clients, or where for any reason the proposed voting is inconsistent with the advice given to Pantheon's other clients.

Internal Control Review

The Directors acknowledge that they are responsible for the Company's systems of internal control and for reviewing their effectiveness.

An ongoing process, in accordance with the FRC's "Internal Control: Revised Guidance for Directors on the Combined Code", has been established for identifying, evaluating and managing risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, has been in place throughout the year and up to the date the financial statements were approved.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, rather than absolute, assurance against material misstatement or loss.

Internal Control Assessment Process

Risk assessment and the review of internal controls is undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

> the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;

> the threat of such risks becoming a reality;

> the Company's ability to reduce the incidence and impact of risk on its performance;

> the cost to the Company and benefits related to the review of risk and associated controls of the Company; and

> the extent to which third parties operate the relevant controls.

Against this background the Board has split the review into four sections reflecting the nature of the risks being addressed. The sections are as follows:

> corporate strategy;

> published information and compliance with laws and regulations;

> relationship with service providers; and

> investment and business activities.

Given the nature of the Company's activities and the fact that most functions are sub-contracted, the Directors have obtained information from key third party suppliers regarding the controls operated by them. To enable the Board to make an appropriate risk and control assessment, the information and assurances sought from third parties include the following:

> details of the control environment;

> identification and evaluation of risks and control objectives;

> assessment of the communication procedures; and

> assessment of the control procedures operated.

Statement on Corporate Governance

(CONTINUED)

The key procedures which have been established to provide effective internal financial controls are as follows:

> Investment management is provided by Pantheon Ventures Limited. The Board is responsible for the implementation of the overall investment policy and monitors the action of the Manager at regular Board meetings.

> The Company receives advice in respect of fixed interest and foreign currency advice from Alliance Bernstein when required.

> The provision of administration, accounting and company secretarial duties is the responsibility of Capita Sinclair Henderson Limited.

> Custody of assets is undertaken by HSBC Bank plc 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 Company Secretary on a regular basis.

The Company does not have an internal audit function. All of the Company's management functions are delegated to independent third parties whose controls are reviewed by the Board. It is therefore felt that there is no need for the Company to have an internal audit function. However, this need is reviewed periodically.

In accordance with guidance issued to directors of listed companies, the Directors have carried out a review of the effectiveness of the various systems of internal controls as operated by the Company's main service providers during the year.

Company Secretary

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

Dialogue with Shareholders

Communication with shareholders is given a high priority by both the Board and the Manager, and all Directors are available to enter into dialogue with shareholders. All shareholders are encouraged to attend and, where eligible, vote at the AGM, during which the Board and the Manager are available to discuss issues affecting the Company and shareholders have the opportunity to address questions to the Manager, the Board and the Chairmen of the Board's standing committees. At each AGM a presentation is made by the Manager to all shareholders present.

There is regular dialogue with institutional shareholders and a structured programme of shareholder presentations by the Manager to institutional investors takes place following publication of the annual results. A detailed list of the Company's shareholders is reviewed at each Board meeting.

The Annual and Half Yearly Reports of the Company are prepared by the Board and its advisors to present a full and readily understandable review of the Company's performance. Copies are dispatched to shareholders by mail and are also available for downloading from Company's website: www.pipplc.com. The Company always responds to letters from individual shareholders. Shareholders wishing to communicate directly with the Board should contact the Company Secretary at the registered office shown on page 82, who will arrange for the relevant Board member to contact them.

Directors' Remuneration Report

YEAR ENDED 30TH JUNE 2010

The Board has prepared this report in accordance with Schedule 8 to The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution will be put to the members to approve the Report at the forthcoming AGM.

The law requires the Company's Auditors to audit certain disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on page 57.

Remuneration Committee

It is not considered appropriate for the Company to establish a separate Remuneration Committee. It is therefore the practice for the Board as a whole to consider and approve Directors' remuneration.

Policy on Directors' Fees

All Directors act in a non-executive capacity and the fees for their services are approved by the whole Board. The level of remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Board's policy is that remuneration of non-executive Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. It is intended that this policy will continue for the year ending 30th June 2011. Directors' fees for the year ended 30th June 2010 were at a level of £40,000 per annum for the Chairman, £25,000 per annum for the Chairman of the Audit Committee and £20,000 for the other Directors, unchanged from the previous year. It is intended to review the level of Directors' fees during the course of the current financial year.

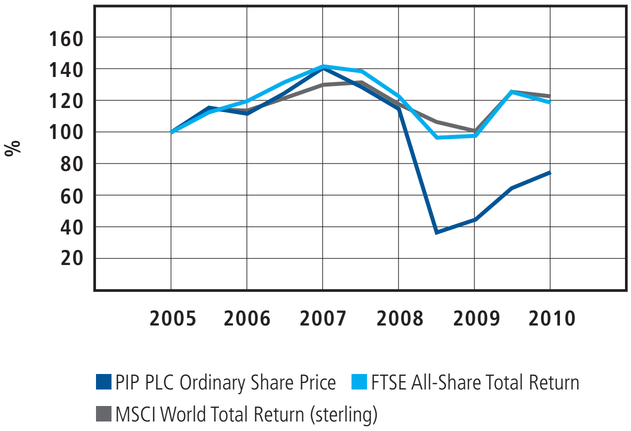
Directors' Service Contracts

None of the Directors has a contract of service with the Company. Each Director has entered into terms of appointment as a non-executive Director of the Company. There has been no other contract or arrangement between the Company and any Director at any time during the year. Under the Articles of Association each Director shall retire and be subject to election at the first Annual General Meeting following appointment, and at least every three years thereafter. After nine years' service, Directors are subject to annual re-election. There are no agreements between the Company and its Directors concerning compensation for loss of office.

The Company's Performance

The graph below compares the total return (assuming all dividends are reinvested) to ordinary shareholders, compared to the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the FTSE All-Share Total Return Index and MSCI World Total Return (sterling) Index are calculated. These indices have been selected as the most relevant, although there is no listed index that is directly comparable to the Company's portfolio.

Total Return vs FTSE All-Share Total Return and MSCI World Total Return (Sterling) – Rebased from June 2005



Directors' Emoluments for the Year (Audited)

The Directors who served in the year received the following emoluments in the form of fees:

	2010	2009
T.H. BARTLAM	**£40,000**	£40,000
I.C.S. BARBY	**£25,000**	£25,000
R.J. CROWDER	**£20,000**	£20,000
J.P.A. READMAN	**£20,000**	£20,000
R.M. SWIRE	**£20,000**	£20,000
A. THOMSON	**£20,000**	£20,000

Mr Readman's fees are paid to Abercromby & Company.

Approval

The Directors' Remuneration Report was approved by the Board on 12th October 2010.

TOM BARTLAM
Chairman

Statement of Directors' Responsibilities

IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of 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 UK 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, to the best of their knowledge, state that:

> the financial statements, prepared in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and return of the Company; and

> this Annual Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

The Directors are responsible for keeping adequate accounting records that 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 2006. The Directors are responsible for ensuring that the Directors' Report and other information in the Annual Report is prepared in accordance with Company law in the United Kingdom, and that the Annual Report includes information required by the Listing Rules of the Financial Services Authority. They also have responsibility for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board
TOM BARTLAM
Chairman
12th October 2010

Independent Auditor's Report

TO THE MEMBERS OF PANTHEON INTERNATIONAL PARTICIPATIONS PLC

We have audited the financial statements of Pantheon International Participations for the year ended 30 June 2010 which comprise the Income Statement, Reconciliation of Movements in Equity Shareholders' Funds, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 56, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

Opinion on Financial Statements

In our opinion the financial statements:

> give a true and fair view of the state of the Company's affairs as at 30th June 2010 and of its profit for the year then ended;
> have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
> have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

> the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
> the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

> adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
> the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
> certain disclosures of directors' remuneration specified by law are not made; or
> we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

> the Directors' statement, set out on page 44 in relation to going concern; and
> the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

MARCUS SWALES
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
12th October 2010

Income Statement

YEAR ENDED 30TH JUNE 2010

	NOTE	2010 REVENUE £'000	2010 CAPITAL £'000	2010 TOTAL* £'000	2009 REVENUE £'000	2009 CAPITAL £'000	2009 TOTAL* £'000
Gains/(losses) on investments designated at fair value through profit or loss**	9b	–	130,815	130,815	–	(181,805)	(181,805)
Currency gains/(losses) on cash and borrowings	19	–	2,758	2,758	–	(22,335)	(22,335)
Investment income	2	4,128	–	4,128	2,761	–	2,761
Investment management fees	3	(8,715)	–	(8,715)	(11,279)	106	(11,173)
Refund of VAT on investment management fees	3	–	–	–	2,295	–	2,295
Other expenses	4	(668)	(459)	(1,127)	(1,554)	(3,393)	(4,947)
RETURN ON ORDINARY ACTIVITIES BEFORE FINANCING COSTS AND TAX		(5,255)	133,114	127,859	(7,777)	(207,427)	(215,204)
Interest payable and similar charges/finance costs	6	(3,840)	–	(3,840)	(6,882)	–	(6,882)
RETURN ON ORDINARY ACTIVITIES BEFORE TAX		(9,095)	133,114	124,019	(14,659)	(207,427)	(222,086)
Tax on ordinary activities	7	(1,129)	–	(1,129)	(399)	–	(399)
RETURN ON ORDINARY ACTIVITIES AFTER TAX FOR THE FINANCIAL YEAR		(10,224)	133,114	122,890	(15,058)	(207,427)	(222,485)
RETURN PER ORDINARY AND REDEEMABLE SHARE	8	(15.40)p	200.50p	185.10p	(22.68)p	(312.43)p	(335.11)p

* The total column of this statement represents the Company's profit and loss account prepared in accordance with UK Accounting Standards. The supplementary revenue return and capital columns are prepared under guidance published by the Association of Investment Companies.

** Includes currency movements on investments.

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

No operations were acquired or discontinued during the year.

There were no recognised gains or losses other than those passing through the Income Statement.

The Notes on pages 62 to 76 form part of these financial statements.

Reconciliation of Movements in Equity Shareholders' Funds

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	OTHER CAPITAL RESERVE £'000	CAPITAL RESERVE ON INVESTMENTS HELD £'000	SPECIAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
Movement for the year ended 30th June 2010								
OPENING EQUITY SHAREHOLDERS' FUNDS	**25,428**	**183,184**	**26**	**175,592**	**69,541**	**99,861**	**(40,010)**	**513,622**
Return for the year	**–**	**–**	**–**	**9,827**	**123,287**	**–**	**(10,224)**	**122,890**
Expenses relating to issue of ordinary shares written back	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
CLOSING EQUITY SHAREHOLDERS' FUNDS	**25,428**	**183,184**	**26**	**185,419**	**192,828**	**99,861**	**(50,234)**	**636,512**
Movement for the year ended 30th June 2009								
OPENING EQUITY SHAREHOLDERS' FUNDS	25,428	183,182	26	227,504	225,056	99,861	(24,952)	736,105
Return for the year	–	–	–	(51,912)	(155,515)	–	(15,058)	(222,485)
Expenses relating to issue of ordinary shares written back	–	2	–	–	–	–	–	2
CLOSING EQUITY SHAREHOLDERS' FUNDS	25,428	183,184	26	175,592	69,541	99,861	(40,010)	513,622

The Notes on pages 62 to 76 form part of these financial statements.

Balance Sheet

AS AT 30TH JUNE 2010

	NOTE	2010 £'000	2009 £'000
Fixed assets			
Investments designated at fair value through profit or loss	9a	**763,304**	648,207
Current assets			
Debtors	11	**917**	27,685
Cash at bank	18	**6,431**	20,512
		7,348	48,197
Creditors: Amounts falling due within one year			
Other creditors	12	**6,916**	13,282
Bank loan	18	**77,724**	120,000
Loan notes	18	**49,500**	–
		134,140	133,282
NET CURRENT LIABILITIES		**(126,792)**	(85,085)
Creditors: Amounts falling due after one year			
Loan notes	13	**–**	49,500
NET ASSETS		**636,512**	513,622
Capital and reserves			
Called-up share capital	14	**25,428**	25,428
Share premium	15	**183,184**	183,184
Capital redemption reserve	15	**26**	26
Other capital reserve	15	**185,419**	175,592
Capital reserve on investments held	15	**192,828**	69,541
Special reserve	15	**99,861**	99,861
Revenue reserve	15	**(50,234)**	(40,010)
TOTAL EQUITY SHAREHOLDERS' FUNDS		**636,512**	513,622
NET ASSET VALUE PER SHARE – ORDINARY AND REDEEMABLE	16	**958.71p**	773.62p

The Notes on pages 62 to 76 form part of these financial statements.

The financial statements were approved by the Board on 12th October 2010 and were signed on its behalf by

TOM BARTLAM
Chairman

Cash Flow Statement

YEAR ENDED 30TH JUNE 2010

	NOTE	2010 £'000	2009 £'000
Cash flow from operating activities			
Investment income received		**4,121**	2,140
Deposit and other interest received		**7**	621
Investment management fees paid		**(12,236)**	(8,100)
Secretarial fees paid		**(178)**	(169)
Other cash payments		**(3,382)**	269
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	19	**(11,668)**	(5,239)
Returns on investment and servicing of finance			
Revolving credit facility and overdraft interest paid		**(1,804)**	(5,459)
Loan commitment and arrangement fees paid		**(341)**	(429)
Redeemable share commitment fees paid		**(640)**	(629)
Interest on loan notes paid		**(1,105)**	(824)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		**(3,890)**	(7,341)
Tax			
Net tax charge		**(1,129)**	(399)
NET CASH OUTFLOW FROM TAX		**(1,129)**	(399)
Capital expenditure and financial investment			
Purchases of investments		**(75,857)**	(164,296)
Purchases of government securities		**–**	–
Disposals of investments		**117,983**	114,124
Disposals of government securities		**–**	–
Realised currency gains		**205**	93
NET CASH INFLOW/(OUTFLOW) FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		**42,331**	(50,079)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**25,644**	(63,058)
Financing			
Written back/costs of ordinary share issue		**–**	2
Drawdown of loan		**–**	90,034
Repayment of loan		**(41,685)**	(40,000)
Issue of loan notes		**–**	49,500
Realised currency gains/(losses) on repayment of revolving credit facility		**591**	(23,515)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		**(41,094)**	76,021
(DECREASE)/INCREASE IN CASH	17	**(15,450)**	12,963

The Notes on pages 62 to 76 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, except for the measurement at fair value of investments and financial instruments, and in accordance with applicable UK accounting standards and on the basis that all activities are continuing. The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when indicated otherwise.

Since 30th June 2009, the amendment to FRS 29 made by the Accounting Standards Board has been adopted. This amendment introduces a three-level fair value hierarchy that distinguishes fair value measurements by the significance of the inputs used. The disclosures are expected to provide more information about the relative reliability of the fair value measurements and increase convergence of International Financial Reporting Standards and UK Generally Accepted Accounting Standards.

(B) Statement of Recommended Practice

The financial statements have been prepared in accordance with the Statement of Recommended Practice (as amended in January 2009) for the financial statements of investment trust companies and venture capital trusts issued by the Association of Investment Companies.

(C) Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

(D) Valuation of Investments

All investments held by the Company are classified as "fair value through profit or loss". As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increases in fair value, quoted equities and fixed income securities are designated as fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business at the balance sheet date. For investments that are not actively traded in organised financial markets, fair value is determined using reliable valuation techniques as described below:

(i) Unquoted fixed asset investments are stated at the estimated fair value.

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. In the absence of contrary information the values are assumed to be reasonable. These valuations are reviewed periodically for reasonableness.

In the case of direct investments in unquoted companies, the initial valuation is based on cost. Where better indications of fair value become available, such as through subsequent issues of capital or dealings between third parties, the valuation is adjusted to reflect the new evidence. This information may include the valuations provided by private equity managers who are also invested in the company. Valuations are reduced where the company's performance is not considered satisfactory.

Private equity funds may contain a proportion of quoted shares from time to time, for example, where the underlying company investments have been taken public but the holdings have not yet been sold. The quoted market holdings at the date of the latest fund accounts are reviewed and compared with the value of those holdings at the year end. If there has been a material movement in the value of these holdings, the valuation is adjusted to reflect this.

(ii) Quoted investments are valued at the bid price on the relevant stock exchange.

(iii) The Company may acquire secondary interests at either a premium or a discount to the fund manager's valuation. Within the Company's portfolio, those fund holdings purchased at a premium are normally immediately revalued to their stated net asset values irrespective of the purchase price. Those fund holdings purchased at a discount are normally held at cost until the receipt of a valuation from the fund manager in respect of a date after acquisition, when they are revalued to their stated net asset values, unless an adjustment against a specific investment is considered appropriate.

As at 30th June 2010 there was no aggregate difference to be recognised in profit or loss at the start or end of the period.

(E) 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 interest rate on the security.

Other interest receivable is included on an accruals basis.

(F) Taxation

Corporation tax payable is based on the taxable profit for the year. The charge for taxation takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19: Deferred Tax.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the marginal method of tax for the accounting period.

(G) 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 or disposal of an investment are treated as capital costs and separately identified and disclosed in Note 9;
> expenses of a capital nature are accounted for through the capital account; and
> investment performance fees.

(H) Foreign Currency

The currency of the Primary Economic Environment in which the Company operates ("the functional currency") is pounds sterling ("sterling"), which is also the presentation 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 Income Statement. For non-monetary assets these are covered by fair value adjustments.

(I) Other Capital Reserve

The following are accounted for in this reserve:

> investment performance fees;
> gains and losses on the realisation of investments;
> realised exchange differences of a capital nature; and
> expenses of a capital nature.

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.

(J) Capital Reserve on Investments Held

The following are accounted for in this reserve:

> increases and decreases in the value of investments held at the year end.

(K) Cash and Cash Equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. Assets are classified as cash equivalents if they are readily convertible to cash and are not subject to significant changes in value.

Cash and cash equivalents are defined as cash at bank.

(L) Investment Performance Fee

The Manager is entitled to a performance fee from the Company in respect of each 12 calendar month period ending on 30th June in each year. The fee payable in respect of each such period is 5% of any increase in the net asset value of the Company at the end of such period over the applicable 'high-water mark' plus the hurdle rate of 10%.

The applicable "high-water mark" in respect of any calculation period is the net asset value at the end of the previous calculation period in which a performance fee was payable, compounded annually at the hurdle rate for each subsequent completed calculation period up to the commencement of the calculation period for which the performance fee is being calculated.

If no performance fee has previously been expensed, the applicable "high-water mark" is the net asset value at 31st December 2006 multiplied by 1+(181/365 x 10%), compounded annually at the hurdle rate for each completed 12 calendar month period after 30th June 2007 up to the commencement of the calculation period for which the performance fee is being calculated.

Notes to the Financial Statements

(CONTINUED)

2. Income

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
Income from investments		
Unfranked dividends	**4,121**	2,140
	4,121	2,140
Other income		
Interest on VAT recovered	**–**	620
Exchange differences on income	**7**	1
	7	621
TOTAL INCOME	**4,128**	2,761
Total income comprises:		
Dividends	**4,121**	2,140
Interest	**–**	620
Exchange differences on income	**7**	1
	4,128	2,761
Analysis of income from investments		
Unlisted	**4,121**	2,140
	4,121	2,140

3. Investment Management Fees

	REVENUE £'000	CAPITAL £'000	30TH JUNE 2010 TOTAL £'000	REVENUE £'000	CAPITAL £'000	30TH JUNE 2009 TOTAL £'000
Investment management fees	**8,715**	**–**	**8,715**	11,279	–	11,279
Investment performance fee	**–**	**–**	**–**	–	(106)	(106)
VAT refund	**–**	**–**	**–**	(2,295)	–	(2,295)
	8,715	**–**	**8,715**	8,984	(106)	8,878

The investment management fee is payable monthly in arrears at the rate set out in the Directors' Report on page 43. At 30th June 2010 £1,543,000 (2009: £5,064,000) was owed for investment management fees. A performance fee of £5,057,000 is payable to the Manager at the year end (see note 12) in respect of the initial 18 month performance fee calculation period ended 30th June 2008. Of this amount £3,660,000 was charged in the year to 30th June 2008 with the remaining balance charged in the year to 30th June 2007. No performance fee is payable in respect of the 12 calendar month period to 30th June 2010. The basis upon which the performance fee is calculated is explained in Note 1(L) and in the Directors' Report on page 43.

4. Other Expenses

	REVENUE £'000	CAPITAL £'000	30TH JUNE 2010 TOTAL £'000	REVENUE £'000	CAPITAL £'000	30TH JUNE 2009 TOTAL £'000
Secretarial and accountancy services	**180**	**–**	**180**	169	–	169
Fees payable to the Company's Auditors for the audit of the annual financial statements	**40**	**–**	**40**	35	–	35
Fees payable to the Company's Auditors for other services:						
– all other services	**17**	**–**	**17**	26	–	26
Directors' remuneration (see Note 5)	**145**	**–**	**145**	145	–	145
Irrecoverable VAT	**(274)**	**–**	**(274)**	299	–	299
Legal and professional fees	**304**	**459**	**763**	585	3,393	3,978
Printing	**61**	**–**	**61**	65	–	65
Other	**195**	**–**	**195**	230	–	230
	668	**459**	**1,127**	1,554	3,393	4,947

The Directors do not consider that the provision of non-audit work to the Company affects the independence of the Auditors.

5. Directors' Remuneration

Directors' emoluments comprise wholly Directors' fees. A breakdown is provided in the Directors' Remuneration Report on page 55.

6. Interest Payable and Similar Charges

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
Bank loan and overdraft interest	**1,828**	5,045
Loan commitment and arrangement fees	**366**	344
Redeemable share commitment fee	**541**	669
Loan notes interest	**1,105**	824
	3,840	6,882

Notes to the Financial Statements

(CONTINUED)

7. Tax on Ordinary Activities

	REVENUE £'000	CAPITAL £'000	30TH JUNE 2010 TOTAL £'000	REVENUE £'000	CAPITAL £'000	30TH JUNE 2009 TOTAL £'000
Withholding tax deducted from distributions	**1,129**	**–**	**1,129**	399	–	399

Current tax

The current tax for the year differs from the standard rate of corporation tax in the UK (28%). The differences are explained below:

	REVENUE £'000	CAPITAL £'000	30TH JUNE 2010 TOTAL £'000	REVENUE £'000	CAPITAL £'000	30TH JUNE 2009 TOTAL £'000
Net return on ordinary activities before tax	**(9,095)**	**133,114**	**124,019**	(14,659)	(207,427)	(222,086)
Theoretical tax at UK corporation tax rate of 28% (2009: 28%)	**(2,547)**	**37,272**	**34,725**	(4,104)	(58,080)	(62,184)
Non-taxable investment and currency gains	**–**	**(37,400)**	**(37,400)**	–	57,159	57,159
Effect of expenses in excess of taxable income	**–**	**128**	**128**	–	921	921
Unused management expenses	**2,547**	**–**	**2,547**	4,104	–	4,104
Withholding tax deducted from distributions	**(1,129)**	**–**	**(1,129)**	(399)	–	(399)
TOTAL CURRENT TAX	**(1,129)**	**–**	**(1,129)**	(399)	–	(399)

Factors That May Affect Future Tax Charges

The Company is an investment trust and therefore is not subject to tax on capital gains. Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to meet for the foreseeable future) the conditions for approval as an Investment Trust Company.

No deferred tax asset has been recognised in respect of excess management expenses and expenses in excess of taxable income as they will only be recoverable to the extent that there is sufficient future taxable revenue. As at 30th June 2010 excess management expenses are estimated to be in excess of £44 million.

8. Return per Share

	REVENUE	CAPITAL	30TH JUNE 2010 TOTAL	REVENUE	CAPITAL	30TH JUNE 2009 TOTAL
RETURN PER ORDINARY AND REDEEMABLE SHARE	**(15.40)p**	**200.50p**	**185.10p**	(22.68)p	(312.43)p	(335.11)p

Ordinary and Redeemable Shares

Revenue return per share is based on the net deficit on ordinary activities after taxation of £10,224,000 (2009: deficit of £15,058,000) and on 66,392,268 (2009: 66,392,268) ordinary shares and redeemable shares, being the number of shares in issue during the year.

Capital return per share is based on the return on ordinary activities after taxation of £133,114,000 (2009: net deficit of £207,427,000) and on 66,392,268 (2009: 66,392,268) ordinary shares and redeemable shares, being the number of shares in issue during the year.

Total return per share is based on the return for the year of £122,890,000 (2009: net deficit of £222,485,000) and on 66,392,268 (2009: 66,392,268) ordinary shares and redeemable shares, being the number of shares in issue during the year.

9a. Movements on Investments

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
Book cost brought forward	**579,787**	582,465
Acquisitions at cost	**75,857**	164,296
Capital distributions – proceeds	**(91,575)**	(140,769)
Capital distributions – realised gains/(losses) on sales	**7,530**	(26,205)
BOOK COST AT 30TH JUNE	**571,599**	579,787
Unrealised appreciation of investments		
Unlisted investments	**191,705**	78,679
Provision	**–**	(10,259)
VALUATION OF INVESTMENTS AT 30TH JUNE	**763,304**	648,207

9b. Analysis of Investments

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
United Kingdom		
Unlisted investments	**37,497**	37,230
USA		
Unlisted investments	**562,480**	474,584
Other		
Unlisted investments	**163,327**	136,393
	763,304	648,207
Realised profits/(losses) on sales	**7,530**	(26,205)
Amounts previously recognised as unrealised appreciation on those sales	**1,630**	55,121
Increase/(decrease) in unrealised appreciation	**121,655**	(210,721)
GAINS/(LOSSES) ON INVESTMENTS	**130,815**	(181,805)

Further analysis of the investment portfolio is provided in the Manager's Review on pages 8 to 36.

Transaction costs incidental to the acquisition of investments totalled £nil (2009: £nil) and to the disposals of investments totalled £16,000 (2009: £8,000) for the year.

Notes to the Financial Statements

(CONTINUED)

9c. Disposal of Investments

During the year PIP disposed of a number of fund interests to strengthen its finances and reduce undrawn commitments.

	PROCEEDS £'000	BOOK COST £'000	VALUE AS AT 30TH JUNE 2009 £'000
DISPOSAL OF INVESTMENTS	12,879	22,581	21,880

10. Fair Value Hierarchy

Financial Assets at Fair Value Through Profit or Loss at 30th June 2010

	TOTAL £'000	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000
Share holdings	470	470	–	–
Fund holdings	762,834	–	–	762,834
	763,304	470	–	762,834

Level 3 Financial Assets at Fair Value Through Profit or Loss at 30th June 2010

	PRIVATE EQUITY INVESTMENTS £'000	TOTAL £'000
Opening balance	648,207	648,207
Purchases at cost	75,857	75,857
Sales proceeds	(91,575)	(91,575)
Total gains or losses included in "Gains on investments" in the income statement		
– on assets sold	4,229	4,229
– foreign exchange gain on disposal	3,301	3,301
– on assets held as at 30th June 2010	122,815	122,815
CLOSING BALANCE	762,834	762,834

11. Debtors

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
Amounts owed by investment funds	540	27
Prepayments and accrued income	377	566
Proceeds from disposal of investments	–	27,092
	917	27,685

12. Creditors: Amounts Falling Due Within One Year

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
Investment management fees	**1,543**	5,064
Investment performance fee	**5,057**	5,057
Other creditors and accruals	**316**	3,161
Other creditors	**6,916**	13,282
Bank loan	**77,724**	120,000
Loan notes	**49,500**	–
	134,140	133,282

The Company has an agreement with The Royal Bank of Scotland whereby the bank has agreed to make available to the Company five-year committed revolving dollar and euro credit facilities, expiring 25th May 2012, of $117.4 million and €85.9 million respectively, a £15,000,000 364-day committed revolving credit facility and an overdraft facility of £5,000,000. Each individual drawdown bears interest at a variable rate agreed in advance for the period of the drawdown. At 30th June 2010 the sterling equivalent amount of £77,724,000 (30th June 2009: £120,000,000) was drawn down under the facilities.

Terms and debt repayment schedule

Terms and conditions of outstanding loan notes were as follows:

	CURRENCY	**NOTIONAL INTEREST RATE**	**YEAR OF MATURITY**	**FACE VALUE £'000**	**2010 CARRYING AMOUNT £'000**	FACE VALUE £'000	2009 CARRYING AMOUNT £'000
Unsecured subordinated loan notes	**GBP**	**LIBOR*+1.5%**	**2010****	**49,500**	**49,500**	49,500	49,500

* LIBOR is the published British Bankers' Association rate of interest for one month sterling deposits in the London interbank market on the date the interest period commences or the next business day if the interest commencement date is not a business day. Interest is payable quarterly in arrears.

** After the financial year end the subscribers for the unsecured subordinated loan notes agreed to extend the final repayment date to 15th November 2011.

13. Creditors: Amounts Falling Due After One Year

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
Non-current liabilities		
Loan notes	**–**	49,500

Notes to the Financial Statements

(CONTINUED)

14. Called-up Share Capital

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
Allotted, called-up and fully paid:		
37,521,013 (2009: 37,521,013) ordinary shares of 67p each	**25,139**	25,139
28,871,255 (2009: 28,871,255) redeemable shares of 1p each	**289**	289
	25,428	25,428

Redeemable shares rank equally with ordinary shares regarding dividend rights and rights on winding up or return of capital (other than a redemption or purchase of shares). The holders of redeemable shares have the right to receive notice of and attend all general meetings of the Company but not to speak or vote. The holders of ordinary shares are entitled to one vote for each ordinary share held.

The redeemable shares are redeemable at the option of the Company, at the prevailing net asset value per share, within 60 days following the end of each quarterly NAV calculation date or within 60 days of any other business day which is determined by the Directors to be a NAV calculation date.

15. Reserves

	SHARE PREMIUM £'000	CAPITAL REDEMPTION RESERVE £'000	OTHER CAPITAL RESERVE £'000	CAPITAL RESERVE ON INVESTMENTS HELD £'000	SPECIAL RESERVE £'000	REVENUE RESERVE £'000
Beginning of year	183,184	26	175,592	69,541	99,861	(40,010)
Net gain on realisation of investments	–	–	7,530	–	–	–
Increase in unrealised appreciation	–	–	–	121,655	–	–
Transfer on disposal of investments	–	–	–	1,630	–	–
Exchange differences on loan and currency	–	–	2,756	–	–	–
Exchange differences on other capital items	–	–	–	2	–	–
Legal and professional costs charged to capital	–	–	(459)	–	–	–
Revenue return for the year	–	–	–	–	–	(10,224)
END OF YEAR	**183,184**	**26**	**185,419**	**192,828**	**99,861**	**(50,234)**

16. Net Asset Value per Share

The net asset value per share 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		NET ASSETS ATTRIBUTABLE	
	2010	2009	**2010 £'000**	2009 £'000
ORDINARY AND REDEEMABLE SHARES	**958.71p**	773.62p	**636,512**	513,622

Basic net asset value per share is based on net assets attributable to equity shareholders of £636,512,000 (2009: £513,622,000) and on 66,392,268 (2009: 66,392,268) ordinary shares and redeemable shares, being the number of shares in issue at the year end.

17. Reconciliation of Net Cash Flow to the Movement in Net Debt

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
(Decrease)/increase in cash in year	**(15,450)**	12,963
Non-cash movement		
– foreign exchange gains	**1,960**	1,002
CHANGE IN NET (DEBT)/FUNDS	**(13,490)**	13,965
Net debt at beginning of year	**(148,988)**	(63,419)
Loans drawn down	**–**	(90,034)
Loans repaid	**41,685**	40,000
Loan notes	**–**	(49,500)
NET DEBT AT END OF YEAR	**(120,793)**	(148,988)

18. Analysis of Net Debt

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
Cash at bank	**6,431**	20,512
Bank loan	**(77,724)**	(120,000)
Loan notes	**(49,500)**	(49,500)
	(120,793)	(148,988)

Notes to the Financial Statements

(CONTINUED)

19. Reconciliation of Return on Ordinary Activities Before Tax and Financing Costs to Net Cash Flow from Operating Activities

	30TH JUNE 2010 £'000	30TH JUNE 2009 £'000
Return on ordinary activities before financing costs and tax	**127,859**	(215,204)
(Gains)/losses on investments	**(130,815)**	181,805
Currency (gains)/losses on cash and borrowings	**(2,758)**	22,335
(Decrease)/increase in creditors	**(6,143)**	5,685
Decrease in other debtors	**189**	140
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(11,668)**	(5,239)

20. Contingencies, Guarantees and Financial Commitments

At 30th June 2010 there were financial commitments outstanding of £331.0 million (2009: £427.8 million) in respect of investments in partly paid shares and interests in private equity funds.

21. Analysis of Financial Assets and Liabilities

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; 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.

In accordance with FRS 29: Financial Instruments: Disclosures, an analysis of financial assets and liabilities, which identifies the risk to the Company of holding such items, is given below.

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.

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, some funds may be 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 calls for payments will then be received from the unlisted investee entity. These payments are usually on an ad-hoc basis and may be called at any instance over a number of years. The Company's ability to meet these commitments is dependent upon it receiving cash distributions from its private equity investments, and to the extent these are insufficient, on the availability of financing facilities. In order to cover any shortfalls, the Company has entered into five-year committed revolving dollar and euro credit facilities with The Royal Bank of Scotland plc, of $117.4 million and €85.9 million respectively. These facilities expire on 25th May 2012. At 30th June 2010 the amount drawn down was the sterling equivalent of £77,724,000 (30th June 2009: £120,000,000) (see Note 12 for further information).

The principal covenant that applies to the loan facility is that gross borrowings do not exceed 30% of adjusted gross asset value. All amounts payable under the unsecured subordinated loan notes will be excluded from the calculation of the Company's total gross borrowings for the purposes of determining whether the financial covenant has been met.

Interest Rate Risk

The Company may use gearing to achieve its investment objectives and manage cash flows and uses a multi-currency revolving credit facility and unsecured subordinated loan notes for this purpose.

Interest on the revolving credit facility is payable at variable rates determined subject to drawdown. Variable rates are defined as LIBOR + 1.25%. The interest rate is then fixed for the duration that the loan is drawn down. At 30th June 2010 there was the sterling equivalent of £77,724,000 funds drawn down on the loan facilities (30th June 2009: £120,000,000). The loans are due to be repaid within one year and as such fair value is not considered to be materially different from par value.

Interest on the unsecured subordinated loan notes is payable quarterly in arrears at LIBOR + 1.5%. LIBOR is the published British Bankers' Association rate of interest for 1 month sterling deposits in the London interbank market on the date the interest period commences or the next business day if the interest commencement date is not a business day. At 30th June 2010 there were £49,500,000 funds drawn down on the loan notes (30th June 2009: £49,500,000). Fair value is not considered to be materially different from par value. See the Financial Liabilities section on page 75 for details of changes to the loan notes after the year end.

The Company's bank accounts do not earn interest. Should any balance go overdrawn then interest will become payable at variable rates.

Non-interest rate exposure

The remainder of the Company's portfolio and current assets are not subject to interest rate risks.

Financial assets for 2010 and 2009 consisted of investments, cash and debtors (excluding prepayments). As at 30th June 2010, the interest rate risk and maturity profile of the Company's financial assets was as follows:

30TH JUNE 2010	TOTAL £'000	NO MATURITY DATE £'000	MATURES WITHIN 1 YEAR £'000	FIXED INTEREST AVERAGE INTEREST RATE %
Fair value interest rate risk financial assets				
Sterling	–	–	–	–
US dollar	–	–	–	–
Other European	–	–	–	–
	–	–	–	–
No interest rate risk financial assets				
Sterling	**37,592**	**37,592**	–	–
US dollar	**567,353**	**567,353**	–	–
Other European	**165,330**	**165,330**	–	–
	770,275	**770,275**	–	–

Notes to the Financial Statements

(CONTINUED)

The interest rate risk and maturity profile of the Company's financial assets as at 30th June 2009 was as follows:

30TH JUNE 2009	TOTAL £'000	NO MATURITY DATE £'000	MATURES WITHIN 1 YEAR £'000	FIXED INTEREST AVERAGE INTEREST RATE %
Fair value interest rate risk financial assets				
Sterling	–	–	–	–
US dollar	–	–	–	–
Other European	–	–	–	–
	–	–	–	–
No interest rate risk financial assets				
Sterling	41,601	41,601	–	–
US dollar	492,259	492,259	–	–
Other European	161,979	161,979	–	–
Other	–	–	–	–
	695,839	695,839	–	–

As at 30th June 2010, the maturity profile of the Company's financial liabilities was as follows:

30TH JUNE 2010	**TOTAL £'000**	**NO MATURITY DATE £'000**	**MATURES WITHIN 1 YEAR £'000**	**MATURES AFTER 1 YEAR £'000**
Loan	**77,724**	**–**	**77,724**	**–**
Loan notes	**49,500**	**–**	**49,500**	**–**
	127,224	**–**	**127,224**	**–**

As at 30th June 2009, the maturity profile of the Company's financial liabilities was as follows:

30TH JUNE 2009	TOTAL £'000	NO MATURITY DATE £'000	MATURES WITHIN 1 YEAR £'000	MATURES AFTER 1 YEAR £'000
Loan	120,000	–	120,000	–
Loan notes	49,500	–	–	49,500
	169,500	–	120,000	49,500

Financial Liabilities

The Company primarily finances its operations through its issued capital, bank borrowings, unsecured subordinated loan notes and existing reserves. At 30th June 2010, the Company had drawn the sterling equivalent of £77,724,000 (2009: £120,000,000) of its five-year committed revolving dollar and euro credit facilities, expiring 25th May 2012, of $117.4 million and €85.9 million respectively with The Royal Bank of Scotland plc. Interest is incurred at a variable rate as agreed at the time of drawdown and is payable at the maturity date of each advance. At the year end, interest of £24,000 (2009: £nil) was accruing. At 30th June 2010 the Company had unsecured subordinated loan notes worth £49,500,000 (2009: £49,500,000) in issue. Interest is incurred at a variable rate and payable quarterly in arrears as described in Note 12. At the year end, interest of £nil (2009: £nil) was accruing.

After the financial year end the subscribers for the series A unsecured subordinated loan notes agreed to extend the final repayment date to 15th November 2011. The subscribers agreed to participate in the issue of series B unsecured subordinated loan notes for a total amount of £51,000,000, also due for repayment on 15th November 2011. This takes the total loan notes outstanding to £100,500,000.

With the exception of the loan notes, revolving credit facility and bank overdraft, there was no interest risk associated with other short-term creditors at 30th June 2010 or 30th June 2009. At 30th June 2010 and, with the exception of loan notes, at 30th June 2009, all other financial liabilities were due within one year. The revolving credit facility is included in creditors falling due within one year.

Market Price Risk

The method of valuation of the fixed asset investments is described in Note 1(D) on page 62. 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 recent available information from the underlying investments.

PIP's portfolio is well diversified by the sectors in which the underlying companies operate. This sectoral diversification helps to minimise the effects of cyclical trends within particular industry segments.

If the investment portfolio valuation fell by 20% from the 30th June 2010 valuation, with all other variables held constant, there would have been a reduction of £152,661,000 (2009 based on a 20% fall: £129,641,000) in the return before taxation. An increase of 20% in the investment portfolio valuation would have had an equal and opposite effect in the return before taxation.

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 16. 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 are discussed in further detail in the Manager's Review on pages 8 to 27. 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 30th June 2010, realised exchange gains of £205,000 (2009: £93,000 gains) and unrealised gains relating to currency of £1,459,000 (2009: £1,087,000) have been taken to the capital reserve.

If the sterling/dollar and sterling/euro exchange rate had reduced by 10% from that obtained at 30th June 2010, it would have the effect, with all other variables held constant, of decreasing equity shareholders' funds by £7,925,000 (2009: increasing by £4,807,000). If there had been an increase in the sterling/dollar and sterling/euro exchange rate of 10% it would have the effect of increasing equity shareholders' funds by £6,484,000 (2009: decreasing by £3,933,000). The calculations are based on the financial assets and liabilities and the exchange rate of 1.4961 sterling/dollar and 1.2214 sterling/euro as at 30th June 2010.

An analysis of the Company's exposure to foreign currency excluding private equity investments is given below:

	30TH JUNE 2010 ASSETS £'000	**30TH JUNE 2010 LIABILITIES £'000**	30TH JUNE 2009 ASSETS £'000	30TH JUNE 2009 LIABILITIES £'000
US dollar	**4,982**	**41,127**	17,675	–
Euro	**1,416**	**36,597**	25,163	–
Swedish krona	**505**	**–**	423	–
	6,903	**77,724**	43,261	–

Notes to the Financial Statements

(CONTINUED)

Fair Value of Financial Assets and Financial Liabilities

The financial assets of the Company are held at fair value. Financial liabilities are held at amortised cost, which is not materially different from fair value.

Managing Capital

The Company's equity comprises ordinary shares and redeemable shares as described in Note 14. Capital is managed so as to maximise the return to shareholders while maintaining a capital base that allows the Company to operate effectively in the marketplace and sustain future development of the business.

The Company also has bank debt facilities and commitments by institutional investors ("standby commitments") to subscribe for redeemable shares against part of which subordinated loan notes have been issued to increase the Company's liquidity. Details of borrowings at the year end can be found earlier in this Note and on page 41 of the Directors' Report and details of the standby commitments can be seen on page 15 .

The Company's assets and borrowing levels are reviewed regularly by the Board of Directors with reference to the loan covenants.

The Company's capital requirement is reviewed regularly by the Board of Directors.

22. 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 of Pantheon Ventures Limited.

The amounts paid to the Manager are disclosed in Note 3.

The Company is entitled to invest in funds managed by Pantheon. The Manager is not entitled to management and commitment fees in respect of PIP's holdings in, and outstanding commitments to, these funds.

Notice of Annual General Meeting

This Document is Important and Requires your Immediate Attention.

If you are in any doubt about the action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended) without delay. If you have sold or transferred all of your ordinary shares of 67p each or redeemable shares of 1p each in the capital of Pantheon International Participations PLC (the "Company") and, as a result, no longer hold any shares in the Company, please send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

An explanation of the business proposed to be transacted at the Annual General Meeting convened by this notice is set out in the Directors' Report on pages 45 to 47 of this document.

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of Pantheon, Norfolk House, 31 St. James's Square, London SW1Y 4JR on Wednesday, 24th November 2010 at 12 noon to consider and, if thought fit, pass the following resolutions, of which numbers 1 to 9 will be proposed as ordinary resolutions and numbers 10 to 12 as special resolutions.

Ordinary Business

Ordinary Resolutions

1. To receive and adopt the Reports of the Directors and Auditors and the Financial Statements for the year ended 30th June 2010.

2. To receive and approve the Directors' Remuneration Report for the year ended 30th June 2010.

3. To re-appoint Mr I.C.S. Barby as a Director.

4. To re-appoint Mr R.J. Crowder as a Director.

5. To re-appoint Mr J.P.A. Readman as a Director.

6. To re-appoint Mr R.M. Swire as a Director.

7. To re-appoint Grant Thornton UK LLP as Auditors to the Company to hold office from the conclusion of this meeting until the conclusion of the next meeting at which accounts are laid before the Company.

8. To authorise the Directors to determine the remuneration of the Auditors.

Special Business

Ordinary Resolution

9. That:

   the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company, and to grant rights to subscribe for, or to convert any security into, shares in the Company, up to an aggregate nominal amount equal to the sum of (i) £1,000,000 less the aggregate nominal amount of the redeemable shares of 1p each in the capital of the Company in issue as at the date on which this Resolution is passed ("the Unissued Redeemable Share Capital") and (ii) £8,379,692.90, and comprising not more than the amount of the Unissued Redeemable Share Capital in nominal amount of redeemable shares of 1p each in the capital of the Company ("Redeemable Shares") and not more than £8,379,692.90 in nominal amount of ordinary shares of 67p each in the capital of the Company ("Ordinary Shares") 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 on which this Resolution is passed and expiring at the conclusion of the next annual general meeting of the Company or the date occurring 15 months from the date on which this Resolution is passed, whichever is the earlier (the "Period of Authority"), save that the Company may before the expiry of such authority make an offer or agreement which would or might require shares in the Company to be allotted and/or rights to subscribe for, or to convert any security into, shares in the Company to be granted after the expiry of the said period and the Directors may allot such shares and/or grant such rights in pursuance of any such offer or agreement as if the authority conferred by this Resolution had not expired, and so that the authority hereby given shall be in substitution for all subsisting authorities under Section 551 of the Act.

Notice of Annual General Meeting

(CONTINUED)

Special Resolutions

10. That:

subject to the passing of Resolution 9 above, the Directors of the Company be and are hereby empowered, until the conclusion of the Period of Authority, pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred upon them under Resolution 9 above as if Section 561 of the Act did not apply to any such allotment and pursuant to Section 573 of the Act to allot equity securities (within the meaning of Section 560 of the Act) held by the Company as treasury shares (within the meaning of Section 724(5) of the Act) for cash as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with a rights issue, open offer or any other offer in favour of holders of ordinary shares (within the meaning of Section 560 of the Act) and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by or deemed to be held by them on the record date of such allotment, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any territory or the requirements of any regulatory authority or any stock exchange;

(b) the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal amount equal to the sum of (i) the amount of the Unissued Redeemable Share Capital and (ii) £2,513,907.87, and comprising not more than the amount of the Unissued Redeemable Share Capital in nominal amount of Redeemable Shares and not more than £2,513,907.87 in nominal amount of Ordinary Shares and, in respect of any such allotment, on terms that the shares constituting the equity securities allotted or for or into which the equity securities allotted give a right to subscribe or convert (as the case may be) shall be subscribed for or issued or sold (as the case may be) at a price per share not less than the net asset value per share calculated pursuant to the Articles of Association of the Company as at the Calculation Date (as defined in the Articles of Association of the Company) immediately preceding the issue (or sale) of such shares;

save that the Company may, before the expiry of the Period of Authority, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

11. That:

the Company be and is hereby generally and, subject as hereinafter provided, unconditionally authorised in accordance with Section 701 of the Act, in substitution for all subsisting authorities under Section 701 of the Act, to make market purchases (within the meaning of Section 693 of the Act) of Ordinary Shares and Redeemable Shares and provided that:

(a) the maximum number of Redeemable Shares hereby authorised to be purchased is such number (rounded down to the nearest whole number) as is equal to 14.99% of the number of Redeemable Shares in issue (excluding any Redeemable Shares held by the Company as treasury shares (within the meaning of Section 724(5) of the Act)) as at the date this Resolution is passed;

(b) the minimum price which may be paid for a Redeemable Share is 1p;

(c) the maximum price (exclusive of expenses) which may be paid for a Redeemable Share shall be the higher of (i) 5% above the average of the middle market quotations for the Redeemable Shares as derived from the London Stock Exchange's Daily Official List for the five business days before the purchase is made, and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange;

(d) the maximum number of Ordinary Shares hereby authorised to be purchased is such number (rounded down to the nearest whole number) as is equal to 14.99% of the number of Ordinary Shares in issue (excluding any Ordinary Shares held by the Company as treasury shares (within the meaning of Section 724(5) of the Act)) as at the date this Resolution is passed;

(e) the minimum price which may be paid for an Ordinary Share is 67p;

(f) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be the higher of (i) 5% above the average of the middle market quotations for the Ordinary Shares as derived from the London Stock Exchange's Daily Official List for the five business days before the purchase is made and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange; and

(g) unless renewed, varied or revoked, the authorities hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or the date occurring 18 months from the date on which this Resolution is passed, whichever is the earlier, save that the Company may, prior to such expiry, enter into a contract to purchase Redeemable Shares and/or Ordinary Shares which will or may be completed or executed wholly or partly after such expiry and may make a purchase of Redeemable Shares and/or Ordinary Shares in pursuance of any such contract.

12: That:
a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Dated 12th October 2010
Beaufort House, 51 New North Road, Exeter EX4 4EP
By order of the Board
CAPITA SINCLAIR HENDERSON LIMITED
Secretary

Notes

1. *A holder of ordinary shares entitled to attend this meeting may attend the meeting in person or may appoint one or more persons as his/her proxy to attend, speak and/or vote on his/her behalf. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. A form of proxy for holders of ordinary shares is provided with this notice. The appointment of a proxy will not prevent a holder of ordinary shares from attending the meeting and voting in person if he/she so wishes. A holder of ordinary shares present in person or by proxy shall have one vote on a show of hands and on a poll every holder of ordinary shares present in person or by proxy shall have one vote for every ordinary share of which he/she is the holder.*

   To appoint more than one proxy, a separate form of proxy in relation to each appointment should be completed (ordinary shareholders may photocopy the form of proxy), stating clearly on each form of proxy how many ordinary shares the proxy is appointed in relation to. A failure to specify the number of ordinary shares each proxy appointment relates to or specifying an aggregate number of ordinary shares in excess of those held by the shareholder will result in the proxy appointment being invalid. Ordinary shareholders are requested to indicate on the form of proxy if the proxy instruction is one of multiple instructions being given. All forms of proxy must be signed and should be returned together in the same envelope.

2. *A holder of redeemable shares entitled to attend this meeting may attend the meeting in person or may appoint one or more persons as his/her proxy to attend (but not vote) on his/her behalf. A proxy need not be a member of the Company. A form of proxy for holders of redeemable shares is provided with this notice. The appointment of a proxy will not prevent a holder of redeemable shares from attending the meeting in person if he/she so wishes. Holders of redeemable shares are not entitled to speak or vote at the meeting.*

3. *To be valid, a form of proxy, together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof, should be lodged, in the case of proxies appointed by holders of ordinary shares, at the office of the Company's Registrar, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU and, in the case of proxies appointed by holders of redeemable shares, at the office of the Company Secretary, Capita Sinclair Henderson Limited, Beaufort House, 51 New North Road, Exeter EX4 4EP, in each case not later than 48 hours before the time of the meeting, or any adjournment thereof. The termination of the authority of a person to act as proxy must be notified to the Company in writing. Amended instructions must be received by the Company's Registrar by the deadline for receipt of proxies.*

Notice of Annual General Meeting

(CONTINUED)

4. *CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.*

   In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company's agent ID RA10 by the latest time for receipt of proxy appointments specified in Note 3 above.

   For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. *Any question relevant to the business of the Annual General Meeting may be asked at the meeting by anyone permitted to speak at the meeting. You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office.*

6. *In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if to do so would: (i) interfere unduly with the preparation for the meeting, or (ii) involve the disclosure of confidential information; the answer has already been given on a website in the form of an answer to a question; or it is undesirable in the interests of the company or the good order of the meeting that the question be answered.*

7. *A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Notes 1 to 4 above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.*

8. *As at 11th October 2010 (being the last business day prior to the publication of this notice) the Company's issued voting share capital and total voting rights amounted to 37,521,013 ordinary 67p shares carrying one vote each. As at such date, the Company's issued non-voting share capital amounted to 28, 871, 255 redeemable shares of 1p each.*

9. *Only those shareholders registered on the Register of Members of the Company as at 6.00 pm on 22nd November 2010 (or in the event that the meeting is adjourned, only those shareholders registered on the Register of Members of the Company as at 6.00 pm on the day which is two days prior to the adjourned meeting (weekends excluded)) shall be entitled to attend in person or by proxy and, in the case of holders of ordinary shares, vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after the specified time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting or, if adjourned, at the adjourned meeting.*

10. *A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company. On a vote on a resolution on a show of hands, each authorised person has the same voting rights as the corporation would be entitled to. On a vote on a resolution on a poll, if more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.*

11. *Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.*

12. *The contents of this notice of Annual General Meeting, details of the number of shares, and the shares of each class of shares, in respect of which members are entitled to exercise voting rights at the Annual General Meeting, the total voting rights which members are entitled to exercise at the Annual General Meeting in respect of the shares of each class and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website: www.pipplc.com.*

13. *Copies of the letters of appointment of the Chairman and the non-executive Directors of the Company will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at the offices of Pantheon, Norfolk House, 31 St. James's Square, London SW1Y 4JR from 11.45 am until the conclusion of the meeting.*

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Notes

Notes

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