

Principle Capital Holdings S.A.

Condensed Consolidated
Interim Financial Information
for the period
from 1 January 2008
to 30 June 2008

PRINCIPLE CAPITAL HOLDINGS S.A.

DIRECTORS

Chief Executive Officer

Brian A Myerson

Non-executive Directors

David J Cooley

Brian S Padgett

Leonard O'Brien

Richard Bolton

SECRETARY

Maitland Luxembourg S.A.

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With effect from 1 August 2008, the address is transferred to 58, rue Charles Martel, L-2134 Luxembourg.

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COMPANY NUMBER

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PRINCIPLE CAPITAL HOLDINGS S.A.

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Chief Executive's Statement

For the six months to 30 June 2008

1. Introduction

Despite the turmoil in global financial and equity markets during the first half of the year, which has continued into the second half, our operational businesses have continued to expand funds under management significantly. Importantly, I am pleased to report on the post period end acquisition of our joint venture interest in the Sirius real estate asset management business, and a milestone development at Principle Energy, with the granting of Government approval for its sugarcane to ethanol project in Mozambique.

In total, as at 30 June 2008, Principle Capital had fee earning assets under management, allowing for cross holdings between the funds, of £ 266 million (\$ 531 million). This represented a decrease in funds under management of £ 28 million or 9% since 31 December 2007 (£ 294 million), which fall was primarily represented by the end of the management contract for Bulldog Financial Limited, the £ 15 million special purpose vehicle established to invest in the shares of Nord Anglia Education plc, which came to the end of its limited life and was broken up realising a performance fee of £ 1.68 million for the Group. This fee was paid in shares in Nord Anglia Education plc, which were subsequently sold for £ 2.52 million.

However, with the post period end acquisition of our joint venture Sirius Real Estate Asset Management business, assets under management at 31 August 2008 stood significantly higher at £ 638 million (\$ 1.16 billion), up 111% since 31 August 2007 (£ 302 million), taking assets under management through the target \$1 billion mark that we set ourselves on the launch of Principle Capital in late 2004. Given the turbulent market conditions, I regard this as an exceptional performance and the fast growth of our Alternative Investment Funds, despite the issues affecting the world's major global markets, is of particular note. Outside of fund management, Silex, our Fund and Trust Administration business, which we acquired in October 2007, had an excellent start to the year.

Principle Capital has three divisions: our Activist Investment Funds business, our Alternative Investment Funds business and our Fund and Trust Administration business. The investment funds divisions have five distinct fund strategies covering equities, real estate, infrastructure and energy. Each of the funds is highly scaleable. As some of our newer alternative strategies are starting to prove themselves in a difficult environment, we are developing appropriate strategies to expand these products. In addition we are working on broadening the product range further both through new ventures and through opportunistic tie ups such as the Sirius acquisition.

We believe we are now at a half-way stage in the development of our product range and will benefit not only from greater synergies between our expanding operations, but also from the merits of diversification in alternative investment products. It is our belief that demand for these alternative products, which offer the opportunity for uncorrelated and absolute returns and rely on the manager's skill in adapting exposures to different factors, will remain strong and we are positioning our business to take advantage of that demand.

The Group produced a retained loss of £ 730,093 in the period (2007: retained profit of £ 527,820). However, of this loss, £ 1.14 million relates to a reduction in the value of our investment in PCIT. PCIT has suffered in the period along with many other small cap UK funds both in terms of NAV performance but also share price discount to NAV. However, we are confident that this will be recovered as and when markets stabilise and the fund's performance improves. Excluding this fall in the value of the PCIT holding, the Group would have made a profit in the period.

We have also invested heavily in developing the business in the period and the results of these efforts are highlighted by the continued growth in management/advisory fees, the generation of which is the Group's core focus. Management/advisory fees, excluding non-recurring performance fees, for the half year were £ 2.43 million, up 99% on the same period in 2007 (£ 1.22 million), while administrative and operating expenses were flat at £ 3.28 million (2007: £ 3.28 million). In the period we recorded performance fees of £ 721,051, down from last year's £ 2.02 million (following the strong performance of PCIT in 2006). As at 30 June 2008, the Group had net assets of £ 34.1 million (equivalent to 204p per share), compared to £ 33.8 million at 31 December 2007 (208 p per share). Of that, £ 5.7 million was represented by cash and listed investments.

More importantly, however, two events have occurred which we expect will have a positive impact on our results going forward. First, Principle Energy Limited has been granted approval for its sugarcane to ethanol project in Mozambique, which enables the Group to benefit from its agreement to provide the head office and senior management function to Principle Energy. Second, following the period end, we have acquired a 48% interest in Dawnay Day Sirius Real Estate Asset Management Limited (which has been renamed Principle Capital Sirius Real Estate Asset Management Limited ("PCSREAM")) and certain associated interests. We expect this transaction to be earnings enhancing by the first half of 2009, ignoring any expectations of performance fee payments which could add significant upside.

As a result of the PCSREAM acquisition and the Principle Energy approval, we now have six fee generating operations, producing annualised recurring management/advisory fees as at 31 August 2008 of approximately £ 7.7 million, up 166% compared to 31 August 2007 (£ 2.9 million). This amount is calculated after allowing for our joint venture partners' share in these operations and excludes any non-recurring performance related revenues.

2. Investment Management

The core investment management operations address two distinct activities: our Activist Investment Funds and our Alternative Investment Funds.

Activist Investment Funds

Like most UK investment funds with a small and mid cap focus, the half year to 30 June 2008 has been exceptionally difficult as investors continued to exit from small and mid cap stocks resulting from the turmoil caused by the credit crisis. On a composite basis, the Activist Investment Funds were down 16.9% for the first six months of the year, whereas our benchmark, the FTSE Small Cap ex-Investment Trust Index, fell 18.9%.

At 30 June 2008, the net asset value of PCIT was £ 67 million (31 December 2007: £ 89 million) and our open-ended fund, PCLP, stood at £ 13 million (31 December 2007: £ 16 million).

The life of Bulldog Financial Limited, our £ 15 million special purpose vehicle investing in Nord Anglia Education plc came to an end during the period, generating a significant carried interest for the Group, which was paid in shares of Nord Anglia. Subsequently, we played a significant role in securing an offer for Nord Anglia from The Baring Private Equity Asia Fund IV at a 70% premium to the average market price over the six months prior to the approach being made public. We are delighted that the investment has been such a successful one for our investors and Principle Capital. The Nord Anglia investment generated IRRs in excess of 50% to our funds over a three year period.

Indeed, not only has the sale of the Nord Anglia position helped bolster performance but perhaps more importantly has generated significant cash for PCIT and PCLP, which held positions alongside Bulldog Financial. This creates an opportunity for the Company to invest in the remainder of the portfolio at very attractive prices. We firmly believe that this now leaves the sort of upside potential in the portfolio that we have not seen since early 2002, when we substantially increased a number of our predecessor funds' investments, hence leading to three years of outstanding fund performance continuing up to the end of those funds' fixed lives.

Performance Fees

Bulldog represented the first fund we established and had a limited life (to 31 March 2008). At the year end, the notional performance fee payable to Principle Capital was £ 960,847. However, given the strong performance of Nord Anglia in the first quarter of 2008 to the date of its break-up, this realised a fee of £ 1.68 million to Principle Capital and £ 721,051 was recorded as a profit in the half year, with part of the fee having been accrued at the year end. The fee was paid in Nord Anglia shares, which were subsequently sold for a total of £ 2.52 million, some prior to but mostly following the Baring Private Equity Asia offer. This generated good cashflow for the Group.

New fund opportunity

In our last report, we reported that we had engaged with a highly regarded fund manager to promote on a joint basis a new fund to be called the Principle Capital Good Citizen fund, which is an ethical/environmental fund opportunity. We have made further headway in launching this product, primarily with certain European based pension plans. Whilst the process is far more extended with this investor class, the commitments can be very significant and we will update shareholders on our progress in due course.

Alternative Investment Funds

South African Real Estate

South African Property Opportunities plc ("SAPRO") has made good progress. SAPRO, whose investment manager is Proteus Property Partners Limited ("Proteus"), our 59.8% owned subsidiary, is a closed-end fund listed on AIM and the Channel Islands Stock Exchange. It is focused on funding and managing real estate developments in South Africa. It has made investments in 15 development projects to date in a wide range of sectors, including industrial,

mixed use and residential and has committed £ 67.4 million, making it substantially fully invested well ahead of the expectations set in May 2007 when it undertook its second fund raising. Once fully geared, we expect SAPRO to have a portfolio of over £ 200 million (Rand 3 billion), making it a significant participant in its local market.

Proteus continues to make a good contribution to the Group on a recurring revenue basis. However, subject to achieving its performance hurdles, Proteus would be entitled to performance fees with effect from the period ended 30 June 2009 and Proteus will be working hard to generate strong returns to investors, which we also hope will generate performance fees for the Group.

PME African Infrastructure

PME African Infrastructure Opportunities plc (“PMEAIO”) has made excellent progress in investing the proceeds of its \$180 million fund raising in July 2007. PMEAIIO is a closed-end fund listed on AIM and its investment manager is PME Infrastructure Managers Limited (“PMEIM”), in which the Group has a 31.67% interest. As of the most recent announcement, PMEAIIO has invested \$92 million of its equity in five investments covering telecommunications, transport leasing and the ownership of 12 General Electric locomotives. It is also in advance negotiations in further projects which would see it comfortably investing the remainder of the equity. Once fully invested and geared, PMEAIIO should have a portfolio of over \$500 million. PMEAIIO is to our knowledge the only listed infrastructure fund dedicated to investing in sub-Saharan Africa. There has been very significant interest in the fund and its activities and we believe there will be excellent opportunities for expanding the fund in the future.

Whilst PMEIM is broadly break even at present on a management fee basis, PMEIM receives management fees based on the gross asset value of PMEAIIO, as a result of which, as gearing is taken into the portfolio, PMEIM should become very profitable on the basis of recurring revenues. The recent strengthening of the dollar should also enhance those revenues for the Group. In addition, PMEIM receives performance fees on a project by project basis and, accordingly, has a high chance of generating strong levels of performance fees from its exposure to early stage opportunities in the fast growing continent of Africa.

Principle Energy Limited

In December 2007, the Company announced it had secured funding for the first phase of a project to be undertaken by Principle Energy Limited, a new Principle Capital company, whose mission is to become a leading producer of low-cost ethanol.

The first project comprises a greenfield project in the central region of Mozambique near Dombe, based on the building of a single large scale integrated ethanol from sugarcane production facility. Principle Energy has raised approximately \$70 million of equity funding for the project and expects to raise further equity in 2009, possibly combined with an IPO.

We are pleased to report that Principle Energy has secured Mozambican government approval for this project, covering 18,000 hectares of land, which will be used for the planting of sugarcane and fully irrigated, which, as a result also of the quality soils and climate should give cane yields of over 50% higher than the Brazilian average. Subject to certain hurdles and

parameters, Principle Capital is now entitled to receive management services and performance fees from Principle Energy as well as an entitlement to warrants in Principle Energy.

Given current investor interest in alternative fuels, and also agricultural opportunities, we are working on several growth opportunities in this strategy alongside the initial project.

Sirius Real Estate Limited

Following the period end, on 11 August 2008, the Company announced that its wholly owned subsidiary, Principle Capital Partners Limited had agreed to acquire a 48% interest in the asset manager of Dawnay Day Sirius Limited, an AIM listed fund, as well as certain associated real estate interests. Dawnay Day Sirius, which is in the process of changing its name to Sirius Real Estate Limited, invests primarily in large mixed-use commercial real estate assets in Germany which can be (or have already been) sub-divided into flexible workspaces, offering a range of high quality managed business accommodation to local businesses, predominantly SMEs. Sirius raised €328 million in July 2007 and in its last financial statements for the year ended 31 March 2008, had gross assets of €443 million. Our partners in the asset manager are the existing Chief Executives, Kevin and Frank Oppenheim, who own 24% each and senior management who own the remaining 4%.

The acquisition of this interest is a major development for Principle Capital. Not only does it significantly increase funds under management, it also broadens the geographic emphasis of the Group significantly. The particular attraction of this fund is the fact that it has rigorously stayed under its projected gearing level of 60% loan to value and its business model allows for significant increases in rental values through relatively low capex, by taking typically old inefficient warehouse space and converting it into space more appropriate for modern business as well as creating a more enhanced business environment for its clients. The value of the property assets have been very robust to date and we are confident not only of an excellent performance by the fund which should result in good management and performance fee revenues for the Group, but also for the opportunity to grow the asset management business and funds under management.

New opportunities

It is our medium term aim to broaden the fund strategies to approximately twelve themes and across a broader geographic range. A core focus of the next twelve months will be to increase our distribution capability as the existing funds start to produce track records to take to a wider market and new funds are developed. We also believe there may well be other opportunities such as the Sirius opportunity where distressed groups are under pressure to sell assets at what could be attractive prices for Principle Capital.

3. Fund and Trust Administration

Silex, our Fund and Trust Administration business which we acquired in October 2007, had an excellent start to the year. In its first full half year of reporting, Silex generated profits of just under £ 0.5 million on turnover of £ 1.3 million. Silex provides administration services to over \$ 1.5 billion of client assets, including five listed funds and several unlisted funds. We remain optimistic about the opportunities for this division given its increasingly strong market positioning.

4. Company Investments

It is the Company's policy to make investments primarily in its own fund products. At 30 June 2008, the Company held investments of £ 4.16 million, of which the investment of £ 1.8 million in PCIT was the largest.

5. Staffing

Following the Sirius transaction, we will now have nearly 150 staff within the wider Group and offices in London, Geneva, Berlin, Cape Town and Johannesburg. In respect of Principle Energy we also have over twenty consultants assigned to the project and office space in Durban (South Africa) and Beira (Mozambique). We will naturally be looking at ways in which synergies can be extracted from our various activities.

Mindful of the complexities of managing a sizeable organisation and the need to take the business into its next phase of growth, I am delighted to report that Jonathan Sieff has agreed to join us as Group Chief Executive, with effect from 1 October 2008. Jonathan was until April of this year, Chief Executive of Close Brothers Asset Management Holdings plc, where he oversaw dramatic growth in the performance of that business in his four years of tenure and was in charge of £ 27 billion of client assets, covering multi-asset class investment management, trust and fund administration, asset custody and offshore banking. Prior to that he held senior positions with Old Mutual in their global asset management strategy. Jonathan will oversee the crucial next phase of our business development and brings a wealth of expertise to assist in the transformation of Principle Capital into a leading specialty alternative investment house.

I will be writing shortly to shareholders by separate circular to explain the terms on which Jonathan has agreed to join us and request support for his incentive package. The circular will also deal with our proposals to move the domiciliation of the Company to the Isle of Man, as a result of the end in 2010 to the preferential tax regime currently enjoyed by the Company as a Luxembourg 1929 holding company.

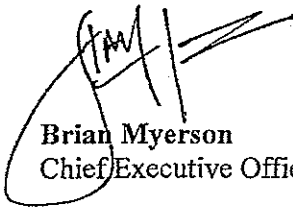
6. Financial Results and Outlook

We continue to see the rewards of the investments we have made in the last eighteen months, in terms of fee earning assets under management and diversification of our products and other business streams. The multiplying effect of this approach means that our opportunities to scale funds under management are now driven by five different strategies instead of the one that we had only two years ago before the launch of SAPRO. Furthermore, the Fund and Trust Administration business is so far proving to be an excellent natural extension to our fund management operations.

Our diversification into new and interesting alternative products has proved a major boon for the Group and to date they have remained relatively immune to the market conditions currently being experienced in the wider UK and other equities markets. Our funds are also in a position of having low or no gearing and several of them have significant cash resources which should enable them to

acquire assets at very attractive prices in these difficult economic times. Not only do we expect most of our funds to escape the worst of the contagion being suffered by many of our competitors, we are also in a position where we have genuine confidence in our ability to grow our funds and generate performance fees.

It is my pleasure to thank everybody involved with the Principle Capital Group for all their work to date in the fast changing world we are in today as well as the continued rapid development of the Group. With Jonathan Sieff joining us, I shall become Executive Chairman. Jonathan's arrival will also give me personally and some of the other Founding Partners greater time to concentrate on managing and developing our fund products and ensuring we deliver on all fronts to our investors. We also expect to benefit from Jonathan's significant connections in terms of rolling out our product range.



Brian Myerson
Chief Executive Officer



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To the Shareholders of
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AUDITOR'S REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

We have reviewed the accompanying condensed consolidated interim balance sheet of PRINCIPLE CAPITAL HOLDINGS S.A. as of 30 June 2008 and the related condensed consolidated interim income statement, condensed consolidated statement of changes in equity and condensed consolidated interim cash flow statement for the six-month period then ended and a summary of significant accounting policies and other explanatory notes (the "condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial information ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Luxembourg, 29 September 2008

KPMG Audit S.à r.l.
Réviseurs d'Entreprises


David Wallace

Principle Capital Holdings S.A.

Condensed consolidated interim income statement
for the period from 1 January 2008 to 30 June 2008
(expressed in GBP)

	Group June 2008	Group June 2007
	£	£
TURNOVER	3,189,574	3,244,202
OTHER INCOME		
Unrealised (losses)/gains on investments	(788,789)	595,894
Realised gains on sale of investments	103,218	-
Other operating income	<u>44,214</u>	<u>35,506</u>
	2,548,217	3,875,602
Administrative expenses	(2,054,580)	(2,229,535)
External charges	<u>(1,226,773)</u>	<u>(1,046,877)</u>
OPERATING (LOSS)/PROFIT	(733,136)	599,190
Interest income	63,217	38,355
Interest expense	<u>(731)</u>	<u>(83,467)</u>
(LOSS)/PROFIT BEFORE INCOME TAX	(670,650)	554,078
Income tax expense	<u>(59,443)</u>	<u>(26,258)</u>
(LOSS)/PROFIT FOR THE PERIOD	(730,093)	527,820
Attributable to:		
Equity holders of the Company	(847,984)	451,302
Minority interests	<u>117,891</u>	<u>76,518</u>
(LOSS)/PROFIT FOR THE PERIOD	<u>(730,093)</u>	<u>527,820</u>
(Loss)/earnings per share	(5.2p)	5.0p
Diluted (loss)/earnings per share	(5.2p)	4.7p

The accompanying notes form an integral part of the annual accounts.

Principle Capital Holdings S.A.

Condensed consolidated interim balance sheet
as at 30 June 2008
(expressed in GBP)

	Group June 2008 £	Group December 2007 £
ASSETS		
Tangible assets	549,235	275,713
Goodwill on acquisition	25,041,465	25,041,465
Other investments, including derivatives	4,161,354	3,911,908
TOTAL NON-CURRENT ASSETS	29,752,054	29,229,086
Debtors	2,397,110	2,553,697
Prepayments and accruals	179,331	566,864
Cash at bank and in hand	1,950,563	3,221,974
TOTAL CURRENT ASSETS	4,527,004	6,342,535
TOTAL ASSETS	34,279,058	35,571,621
 EQUITY		
Called up share capital	16,249,806	16,249,806
Share premium	23,287,500	23,287,500
Foreign exchange differences	13,544	21,415
Accumulated losses	(6,741,768)	(5,945,986)
Equity attributable to shareholders	32,809,082	33,612,735
Minority interest	290,188	172,297
TOTAL EQUITY	33,099,270	33,785,032
Deferred tax liabilities	7,119	4,375
Creditors	1,172,669	1,782,214
TOTAL EQUITY AND LIABILITIES	34,279,058	35,571,621

The accompanying notes form an integral part of the annual accounts.

Principle Capital Holdings S.A.

Condensed consolidated interim cash flow statement
for the period from 1 January 2008 to 30 June 2008
(expressed in GBP)

	Group June 2008 £	Group June 2007 £
Cash flows from operating activities		
(Loss)/profit for the period	(730,093)	527,820
Adjustments for:		
Depreciation	50,793	13,304
Unrealised losses (gains) on investments	788,789	(595,894)
Gains on disposal of fixed assets	(259)	-
Realised gains on investments	(103,218)	-
Share options	52,202	-
Interest expense	731	83,467
Income tax expense	59,443	26,258
(Increase)/decrease in debtors	(114,651)	1,192,079
Decrease in creditors	<u>(588,623)</u>	<u>(1,115,550)</u>
	(584,886)	131,484
Interest paid	(731)	(83,467)
Tax paid	<u>(27,612)</u>	-
Net cash (outflow)/inflow from operating activities	<u>(613,229)</u>	<u>48,017</u>
 Cash flows from investing activities		
Payments to acquire tangible fixed assets	(324,048)	(88,016)
Payments to acquire investments	(44,733)	(600,240)
Loan granted to third parties	(500,779)	(1,665)
Proceeds from sale of investments	<u>791,614</u>	-
Net cash used in investing activities	<u>(77,946)</u>	<u>(689,921)</u>
 Cash flows from financing activities		
Payment of issued share capital	-	136
Dividends paid	<u>(556,626)</u>	<u>(300,000)</u>
Net cash used in financing activities	<u>(556,626)</u>	<u>(299,864)</u>
 Net decrease in cash	<u>(1,247,801)</u>	<u>(941,768)</u>
Cash at 1 January 2008	3,221,974	2,148,710
Effect of exchange rate fluctuations on cash held	<u>(23,610)</u>	<u>(521)</u>
Cash at the end of the period/year	<u><u>1,950,563</u></u>	<u><u>1,206,421</u></u>

The accompanying notes form an integral part of the annual accounts.

Principle Capital Holdings S.A.

Condensed consolidated interim statement of changes in equity

(expressed in GBP)

	Called up share capital	Share premium	Foreign exchange differences	Accumulated losses	Year end shareholder's equity (Group share)	Minority interests	Year end shareholder's equity (Total)
As at 1 January 2007	8,999,806	6,250,000	(242)	(851,152)	14,398,412	411,342	14,809,754
Foreign exchange	-	-	(420)	-	(420)	(1)	(421)
Total income and expense recognised in equity	-	-	(420)	-	(420)	(1)	(421)
Result for the period to June 2007	-	-	-	451,302	451,302	76,518	527,820
Total recognised income and expense	-	-	(420)	451,302	450,882	76,517	527,399
Dividends paid to minority shareholders	-	-	-	-	-	(300,000)	(300,000)
As at 30 June 2007	8,999,806	6,250,000	(662)	(399,850)	14,849,294	187,859	15,037,153
As at 1 July 2007	8,999,806	6,250,000	(662)	(399,850)	14,849,294	187,859	15,037,153
Foreign exchange	-	-	22,077	-	22,077	(1)	22,076
Total income and expense recognised in equity	-	-	22,077	-	22,077	(1)	22,076
Result for the period to December 2007	-	-	-	(5,501,032)	(5,501,032)	(161,518)	(5,662,550)
Total recognised income and expense	-	-	22,077	(5,501,032)	(5,478,955)	(161,519)	(5,640,474)
Share issued	7,250,000	17,037,500	-	-	24,287,500	-	24,287,500
Share based payments	-	-	-	839	839	-	839
Swiss statutory reserve	-	-	-	3,546	3,546	-	3,546
PCP minority interest acquired	-	-	-	(49,489)	(49,489)	145,957	96,468
As at 31 December 2007	16,249,806	23,287,500	21,415	(5,945,986)	33,612,735	172,297	33,785,032
As at 1 January 2008	16,249,806	23,287,500	21,415	(5,945,986)	33,612,735	172,297	33,785,032
Foreign exchange	-	-	(7,871)	-	(7,871)	-	(7,871)
Total income and expense recognised in equity	-	-	(7,871)	-	(7,871)	-	(7,871)
Result for the period to June 2008	-	-	-	(847,984)	(847,984)	117,891	(730,093)
Total recognised income and expense	-	-	(7,871)	(847,984)	(855,855)	117,891	(737,964)
Share based payments	-	-	-	52,202	52,202	-	52,202
As at 30 June 2008	16,249,806	23,287,500	13,544	(6,741,768)	32,809,082	290,188	33,099,270

The accompanying notes form an integral part of the annual accounts.

Principle Capital Holdings S.A.

Notes to the Condensed Consolidated Interim Financial Information
for the period from 1 January 2008 to 30 June 2008

1 General

Principle Capital Holdings S.A (“the Company”) is a holding company of a Group (“the Group”) established to raise and manage investment funds. The Company has three major business activities, which include its Activist Investment Funds business, Alternative Investment Funds business and Fund and Trust Administration business.

The Activist Funds include Principle Capital Investment Trust Plc (PCIT), the Company’s open-ended fund, Principle Capital, LP and its co-investment vehicle, Bulldog Financial Limited. In October 2006, the Company launched its Alternative Funds business with the raising of its South African real estate fund, South African Property Opportunities Plc.

Silex Holdings Limited (“Silex”), the Group’s new Fund and Trust Administration business was acquired in October 2007. Silex provides administration services to over \$1.5 billion of client assets, including five listed funds and several new unlisted funds.

The Group also purchased the remaining 30% of Principle Capital Partners Limited which it did not already own in October 2007.

The registered office of the Company is at 6, rue Adolphe Fischer, L- 1520 Luxembourg and the Company is registered with the “Registre de commerce et de société au Grand-Duché de Luxembourg” under section B, number 98.144. The Company is established for an unlimited period. The Company is listed in London on the AIM stock exchange. The registered office of the Company is transferred to 58, rue Charles Martel, L-2134 Luxembourg with effect from 1 August 2008.

The condensed consolidated interim financial information were authorized for issuance on 29 September 2008.

2 Significant Accounting Policies

2.1 Basis of presentation

The condensed consolidated interim financial statements of Principle Capital Holdings S.A. (“the Company”) have been prepared in accordance with International Financial Reporting Standards. The condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(a) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

Principle Capital Holdings S.A.

Notes to the Condensed Consolidated Interim Financial Information
for the period from 1 January 2008 to 30 June 2008
(continued)

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

- IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amended) from 1 January 2009 but is currently not applicable to the Group as there are no qualifying assets.

(b) Interpretations to existing standards that are not yet effective

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group:

- IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14 is not relevant to the Group's operations because none of the Group's companies operate any pension plans.
- IFRIC 13, "Customer loyalty programmes" (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

2.2 Basic of Consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the

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acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

IntraGroup balances, and any unrealised gains and losses or income and expenses arising from intraGroup transactions, are eliminated in preparing the condensed consolidated interim financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The condensed consolidated interim financial statements are presented in Great British Pounds ("£"), which is the company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to £ at the foreign exchange rate ruling at that date. Foreign

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exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to £ at foreign exchange rates ruling at the dates the fair value was determined.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

(c) Financial statements of foreign operations

The assets and liabilities for foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to £ at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to £ at rates approximating the foreign exchange rate ruling at the dates of the transactions.

2.4 Property, plant and equipment

(a) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment.

(b) Depreciation

Depreciation is charged to profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Fixture and fittings	6-7 years	15% average depreciation rate
Computer equipments	3 years	33% average depreciation rate

The residual value is reassessed annually.

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2.5 Intangible Assets

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "investments in associates" and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

b) Acquisitions of minority interests

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

2.6 Financial Assets

The Group classifies its financial assets at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are classified as non current as the company intends to hold them for the purpose of long term capital growth.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Unless fair values are unavailable,

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Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

2.7 Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

2.8 Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

2.9 Impairment

Except for the Group's investments designated at fair value through profit and loss, the carrying of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each annual balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss unless the asset is recorded at a revalued amount in which case it is treated as a revaluation decrease.

2.10 Share based payment transactions

The share option programme allows Group employees, Senior Managers and Directors, to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes' model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

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2.11 Trade and other payables

Trade and other payables are stated cost.

2.12 Revenue

Revenue relates to investment management services provided by the Group and is recognised in the income statement on an accrual basis.

Performance fees are also recognised in the income statement on an accrual basis. They are based on the evolution of the net asset value of the funds under management.

Certain performance fees which are recorded on an accrual basis only are recovered upon the partial or full liquidation of the underlying investment. In the event of a decrease in the net asset value of the fund before the liquidation, performance fees could be significantly reduced or eliminated.

2.13 Income tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- goodwill not deductible for tax purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.14 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular

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economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3 Financial risk management

3.1 Financial risk factor

The Group's activities expose it to a variety of potential financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the accounting and finance department under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and nonderivative financial instruments, and investment of excess liquidity.

a) Market risk

(i) Foreign exchange risk

The Group operates internationally but is exposed to limited foreign exchange risks. The Group's investment management fees are received in £ and business expenses are predominantly £. Some expenses are incurred in Swiss francs but an equal amount of fees are charged in Swiss francs to negate any currency risk. Investments are, in the main, denominated in £.

(ii) Price risk

The Group is exposed to price risk because of listed equity and listed fund investments held by the Group and classified on the consolidated balance sheet at fair value through profit or loss. Publicly quoted companies can be subject to volatile share prices, depending on a number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Company.

The Group is not exposed to commodity price risk at year end. The Group invests in listed equities of Funds managed by the Group. The investments are held for the long term and price risk is managed through the Group's investment procedures and policies.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets nor liabilities, other than a £100,000 loan obtained by a Group company and £1,000,000 loan granted to an affiliated company. The

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Group's income, expenses, and operating cash flows are substantially independent of changes in market interest rates.

(b) Credit risk

Transactions effected by Group members on behalf of the Group and/or the Funds will not always be limited to transactions on, or effected under the rules of major securities exchanges and it is possible that some trades may be effected off-exchange, directly with counterparties. The Group and/or the Funds will take a credit risk on the parties with which it trades and therefore the Group and/or the Funds acting through Group members will seek to transact only with major established counterparties. The Group and/or the Funds will also bear the risk of settlement default by clearing houses and exchanges. Any default by a counterparty or on settlement could have a material adverse effect on the Group and/or the Funds. Management mitigates this risk through Know-Your-Client and other investigative procedures performed on counterparties prior to the commencement of business relationships.

(c) Liquidity risk

The Group's working capital requirements reflect day-to-day administrative and other operating expenses of an investment management and fund/trust administration concern. Cash requirements are met by fee income and if necessary, equity during a Group entity's start up phase. The Group has no significant borrowings in 2008 and 2007. Cash deposits are held for working capital purposes and are deposited within secure financial institutions.

The ability to sell investments held by the Group may be adversely affected due to insufficient trading activity or actual trading halts in the markets in which the securities concerned are traded. In such circumstances it may take time to liquidate the positions of the Group and the market prices obtained may be substantially different from those indicated at the time when the decisions to liquidate were taken. The Group and/or the Funds may from time to time invest their money in private entities where there is no market.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as listed equities, listed funds and derivatives at fair value through profit and loss) is based on quoted market prices at

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the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using estimated discounted cashflows.

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

4 Significant events

In May 2008, 613,831 shares in Nord Anglia Education Plc were received by the Group from Bulldog Financial Limited in lieu of unpaid performance fees. The Nord Anglia Education plc shares were valued at £ 2.74 at the date of receipt by the Group. As at 30 June 2008, 376,210 shares was held in Nord Anglia Education Plc.

The Group is not subject to significant seasonality impacts to its operations.

5 Remuneration of Directors

	Group Period ended 30 June 2008 (6 months) £	Group Period ended 30 June 2007 (6 months) £
Directors' remuneration	<u>532,763</u>	<u>1,464,250</u>

The aggregate emoluments of the highest paid Director were £ 235,000.

There were no pension contributions paid to Directors during the period.

6 Share incentives and bonus plan

As at 30 June 2008, stock options outstanding amounted to 752,488 (31 December 2007: 678,930). 73,558 were granted on 15 January 2008 and become exercisable on 15 January 2010 at £ 3.25 will lapse to the extent not exercised on 15 January 2018.

The following assumptions were used by the Company in calculating the fair value of share options:

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Date	3 November 2004	8 April 2005	18 June 2007	22 October 2007	15 January 2008
Stock Price	200.0	222.5	325.0	340.0	325.0
Exercise Price	200.0	222.5	325.0	338.3	325.0
Maturity in years	5.0	5.0	5.0	5.0	5.0
Interest Rate	4.59%	4.60%	5.64%	4.94%	4.20%
Annualised Volatility	29.3%	25.0%	23.8%	11.4%	11.3%

7 Business segments

The Group comprises the following main business segments:

- Fund Management

The investment management of a number of listed and private investment vehicles.

- Trust and Fund Administration

The administration of a number of listed and private funds and Trusts.

- Geographical segments

Operations are centered in Europe for both businesses.

	Investment Management		Trust & Fund Management		Consolidated	
	June 2008	June 2007	June 2008	June 2007	June 2008	June 2007
	£	£	£	£	£	£
Income	1,498,136	3,913,957	1,113,298	-	2,611,434	3,913,957
(Loss)/Profit	(1,164,866)	527,820	434,773	-	(730,093)	527,820
Assets	33,181,806	15,895,597	1,097,254	-	34,279,059	15,895,597
Liabilities	(807,593)	(858,444)	(372,197)	-	(1,176,876)	(858,444)
Net assets	32,374,213	15,037,153	725,057	-	33,102,183	15,037,153

Income includes turnover, other income and interest income.

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8 Related parties

As at 30 June 2008 the Group has an outstanding loan of £ 1,000,000 (31 December 2007: £ 652,820) to Principle Energy Limited, an entity in which the Group has a 18.32% holding. There are no other material related party transactions.

9 Earning per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	Group Period ended 30 June 2008 £	Group Period ended 30 June 2007 £
- (Loss)/profit attributable to equity holders of the Company	(847,984)	451,302
- Weighted average number of ordinary shares in issue	<u>16,249,806</u>	<u>8,999,806</u>
Basic (loss)/earnings per share (pence)	<u>(5.2p)</u>	<u>5.0p</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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	Group Period ended 30 June 2008 £	Group Period ended 30 June 2007 £
- (Loss)/profit attributable to equity holders of the Company	(847,984)	451,302
- (Loss)/profit used to determine diluted earnings per share	(847,984)	451,302
- Weighted average number of ordinary shares in issue	16,249,806	8,999,806
- Adjustments for:		
- Share options	-	489,591
- Weighted average number of ordinary shares for diluted earnings per share	16,249,806	9,489,397
Diluted (loss)/earnings per share	<u>(5.2p)</u>	<u>4.7p</u>

Potential ordinary shares are considered as antidilutive as their conversion to ordinary shares would decrease loss per share from operating activities. Therefore, diluted loss per share for the period ended 30 June 2008 is equal to basic loss per share.

10 Events after the balance sheet date

On 15 August 2008 Principle Capital announced that it had agreed to place 775,000 new ordinary shares of £ 1 each in the Company ("Ordinary Shares") to Principle Capital Investment Trust plc ("PCIT") at 193.5 pence per Ordinary Share (the "New Shares"). The New Shares were admitted to trading on AIM on 20 August 2008. The New Shares rank pari passu with the existing ordinary share capital of the Company and have been allotted and issued credited as fully paid. As a result of the Placing the total issued share capital of the Company is 17,024,806 ordinary shares of £ 1 each.

Currently PCIT owns 9.9% of the PCH's share capital.

On 11 August 2008 Principle Capital announced that Principle Capital Partners Limited had agreed to acquire 48 per cent of Dawnay Day Sirius Real Estate Asset Management Limited (to be renamed Principle Capital Sirius Real Estate Asset Management) (DDSREAM).

DDSREAM is the asset manager of Dawnay Day Sirius Limited ("DDS") (Ticker: DDS.L), a property investment company. Its strategy focuses on business parks, offices and industrial complexes across Germany, investing in large mixed-use commercial real estate assets which can be sub-divided into flexible workspaces offering high quality accommodation to local businesses, predominantly in the SME sector.

Principle Capital Partners Limited has agreed to purchase the following interests:

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1. A 48 per cent interest in the ordinary shares and a 50 per cent interest in the redeemable preference shares of DDSREAM;
2. A 48 per cent interest in Marba Holland BV ("Marba Holland"), a vehicle established to receive performance fees that may become payable to it in respect of DDS's property portfolio;
3. A 50 per cent interest in Falsa Investments BV ("Falsa"), a vehicle which holds a 5.1 per cent interest in certain properties that were acquired by DDS at the time of its initial public offering; and
4. A 2.55 per cent interest in each of Marba Dutch Holdings BV, Marba Cedarwood BV, Marba Hornbeam BV and Marba Mimosa BV (together the "Marba SPVs"), vehicles which hold certain properties that were rolled into DDS at launch, together the "Agreed Assets"). The acquisitions of Falsa and the Marba SPVs remain subject to the receipt of certain banking consents which are expected to be forthcoming. In addition to the Agreed Assets, Principle Capital Partners has agreed in principle, subject to due diligence, to acquire a 50 per cent interest in Sirius Facilities GmbH, a vehicle that provides property management services to DDS and DDSREAM. (The Agreed Assets and Sirius Facilities GmbH are the "DD Assets").

The gross consideration for the DD Assets is £ 1,473,115 and Euro 25,000, which will be satisfied in cash.

As a result of Principle Capital Partners Ltd's ("PCP") acquisition and ongoing transaction to acquire Dawnay Day Sirius Real Estate Asset Management Limited (to be renamed Principle Capital Sirius Real Estate Asset Management) ("DDSREAM") and related companies, PCP is currently assessing its ability to consolidate DDSREAM as at 31. December 2008. Group management believe DDSREAM and related companies will be profitable businesses over the coming years, but do not expect a material effect on the financial statements of the Group for the financial year ended 31 December 2008.