

shaPE

# **Semi-Annual Report**

June 2003



## Dear Shareholder

We are happy to report the first significant increase in Net Asset Value (NAV) since the inception and Initial Public Offering (IPO) of shaPE in the second half of 2001. This increase of CHF 5 million, which mainly results from our portfolio of unlisted investments in private equity limited partnerships, reflects a 4.1% increase in NAV per share from CHF 176.61 at 31 December 2002 to CHF 183.92 at 30 June 2003.

Although this value remains 8% below the issue price per share of CHF 200.- and 3.1% below the first reported NAV per share of CHF 189.84 in November 2001, it reflects an important change in trends. As described in earlier reports, the initial decline in NAV was mainly due to the costs of set-up, IPO and strategy implementation. With an increasing investment ratio, which reached 42% at 30 June 2003, we now observe that our disciplined investment strategy begins to yield first results.

Of shaPE's current portfolio with 18 partnerships, which are mainly focussed on buyout transactions, 12 commitments are regarded as primary commitments since they were made at the initiation of the partnerships. These have vintage years ranging from 2000 to 2003 and are currently investing their capital. These partnerships are expected to benefit from the current market conditions with attractive deal flow, moderate pricing levels, reduced competition from industrial buyers and low interest rates.

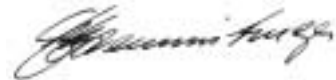
The remaining 6 partnerships have older vintage years and were acquired at discounts through a secondary market transaction. These partnerships are expected to benefit from an upturn in the economy and an improvement of exit potential through increasing M&A and IPO activities.

Under the current attractive conditions for investing partnerships and with preliminary signs of a possible economic recovery combined with early observations of increased M&A and IPO activities, we believe that shaPE is well positioned to show a good performance going forward. We are confident that the NAV development will remain solid and investors will be rewarded for their loyalty.

We would like to thank you for your trust in shaPE and its partners.



Michael P. Baer  
President of the Board of Directors



Benedickt G. Brenninkmeijer  
Chief Executive Officer

## A Brief Portrait

shaPE Capital Ltd. is an investment Company, listed at the SWX Swiss Exchange, that provides easy access to private equity investments. The Company is based in Zug, with the status of a holding company. Its investment activity is handled by the subsidiary in the Cayman Islands and supported by Baer Select Management Ltd., the Investment Manager, and Robeco Institutional Asset Management B.V., the Investment Advisor. shaPE uses a clearly structured investment philosophy to focus on selecting and investing in the most suitable private equity funds around the world. In order to minimize investment risks, shaPE diversifies its investments across different regions, age of companies, sectors and vintage years. The fee structure, which includes Management and Performance Fees, a hurdle rate and a high water mark, ensures that the interests of the parties involved are aligned with the investor's interests.

## Key Facts and Figures (as of 30 June 2003)

<b>shaPE</b>	
Closing Stock Price (CHF)	172.-
Stock Price Change (since initial public offering)	(14%)
Stock Price Change (2003)	(8%)
NAV per Share (CHF)	183.92
NAV per Share Change (since initial public offering)	(8%)
NAV per Share Change (2003)	4.1%
Premium/(Discount)	(6.5%)
Capital Invested in % of NAV	42%
Capital Committed in % of NAV	87%
<b>Financial Markets</b>	
MSCI World Index Change (2003)	9.97%
Swiss Performance Index Change (2003)	5.92%
<b>Exchange Rate</b>	
CHF/USD	1.3545
CHF/EUR	1.5555
CHF/GBP	2.2350
CHF/JPY	1.1281

## Management Summary

In the first half of 2003 shaPE made two additional commitments with a combined value of CHF 7 million to Nordic Capital V, L.P. (Nordic) and Wellspring Capital Partners III, L.P. (Wellspring). Nordic is managed by one of the leading private equity investors in the European Nordic region and has a strong focus on buyout transactions. Wellspring is located in North America where it also targets buyout transactions including middle market special situations and restructurings. These commitments raised the volume of the overall commitments to CHF 110 million, representing 87% of NAV.

The Fair Market Value (FMV) of the capital that has been invested was raised by CHF 9 million to a total of CHF 53 million, which corresponds to an increase of the investment ratio from 36% to 42% of NAV. As in previous periods this remains below our initial target ratio, as stated in the information memorandum dated October 2001.

This is, however, not only the consequence of a continued high level of discipline in the investment process but also a result of a first significant increase in NAV of CHF 5 million. This represents a change in NAV per share of CHF 7.31 or 4.1% and is mainly due to realized and unrealized gains on the total investment portfolio of CHF 6.7 million of which the largest part resulted from the secondary transaction that was signed in December 2002. The overall income from investments and current assets with a volume of CHF 7 million was reduced by CHF 2 million in operating expenses and taxes.

During the reporting period shaPE reduced the exposure to listed investments by eliminating positions in five private equity companies and realising previously unrealized losses of CHF 1.2 million. These were offset by unrealized gains of CHF 1.6 million on the portfolio of listed investments. This reduction is a consequence of the increased focus on unlisted limited partnerships as described in the annual report per 31 December 2002.

shaPE remains very active in identifying and analysing potential investments in new limited partnerships (primary investments), which are managed by teams with exceptional track records, as well as potential acquisitions of interests in existing limited partnerships (secondary investments) from their current owners at attractive discounts. In parallel the limited partnerships continue to identify direct investments in an environment that remains characterized by widespread corporate restructuring, moderate valuation levels, little competition from industrial buyers and low interest rates. This ongoing investment activity will improve shaPE's long-term return potential.

At the same time there are early signs of a possible economic recovery in combination with an improvement of stock price indices as well as an increase in M&A and IPO activities. Provided this positive trend proves sustainable, it will have a positive impact on the exit potential of underlying direct investments and improve shaPE's short-term return potential. With an increasing investment ratio and a maturing portfolio of private equity investment, shaPE is well positioned to benefit from both current investment conditions and an improvement of future exit potential.

## Market Overview

In the second quarter of 2003, global public equity markets showed an increasingly stable performance. To a certain extent this had a positive effect on the value of private equity investments. In addition preliminary signs of a possible economic recovery, mainly in the US, were detected.

This did, however, not prevent a further decline in the amount of newly raised capital. Only in regions outside of North America and Western Europe did the market observe an increase in the amount of capital flowing into private equity vehicles. Although this can be regarded as a sign of prevailing insecurity mainly on the part of institutional investors, it will also help to reduce the existing capital overhang and have a consolidating effect on the industry.

Regarding investment levels, buyout transactions, which have historically represented the large majority of private equity, remained fairly stable with a more or less flat development in North America, a slight decrease in Western Europe and an increase in the Rest of the World. This does not reflect the attractive market conditions for such transactions due to widespread corporate restructuring, moderate valuation levels, limited competition from industrial buyers and low interest rates. For this reason an increase in buyout transactions is expected for the second half of 2003.

This could also include an increase in public to private transactions of companies with small to medium market capitalisations, which buyout specialists have been targeting ever since valuation levels have come down.

The climate for exits through both IPO's and trade sales remained once again challenging. This was partly offset by an increase in secondary transactions, whereby one financial investor sells a private equity interest to another financial investor. More importantly, however, public capital markets showed preliminary signs of an increase in IPO and M&A activities with the unfriendly take-over bid by Oracle for Peoplesoft being a prominent example. Should this development prove sustainable, private equity partnerships will clearly benefit and successful exits will increase.

In summary, the situation for buyout investors with sufficient capital to invest anticyclically remains attractive due to favourable investing conditions. Private Equity investors with fully invested portfolios continue to be challenged due to few exit opportunities and an inability to profit from a buyers market.

## Portfolio Overview

As at 30 June 2003 shaPE had commitments to 18 limited partnerships with a total volume of CHF 110 million of which CHF 65 million remained unfunded. The FMV of the investments in these partnerships amounted to CHF 45 million which compared to a cost value of CHF 43 million. In addition the company held investments in 6 listed private equity companies with a market value of CHF 8 million.

### Primary Commitments

#### **Advent Global Private Equity IV-D, L.P.**

One new investment was made in the company Aviagen, the world's leading meat poultry breeding company developing pedigree lines for production. Next to this company, the European portfolio contains five other investments, a French specialty material company, a UK single price discount retailer, a German pharmaceutical company, a Luxembourg roaming and clearing house and a Danish large furniture retailer. Advent also announced an investment in a company providing brokerage software and data services to dealers and market makers of over the counter derivatives. Advent's portfolio is on track.

#### **Apax Europe V- A, L.P.**

No new investments were made in the second quarter. Together with a consortium of banks Apax is close to realizing the exit of the largest portfolio company Yell after pulling back the company from an IPO last year, due to adverse market conditions at that time. Yell is the largest provider of classified advertising directories in the UK and the largest independent classified directory publisher in the US. Of the current 22 portfolio companies, a number of smaller venture capital deals are being challenged. The larger buyouts, which represent the vast majority of the portfolio, are, however, performing according to plan.

#### **Atlas Venture Fund VI, L.P.**

In the second quarter of 2003 no new investment activities were deployed. The portfolio currently consists of 20 early stage investments. One of the investments that was written down earlier has been written off. Furthermore, investments in three other companies have been written down. The majority of the investments is still in an early stage.

#### **Barclays Private Equity European Fund**

Since inception the fund, which has a focus on middle market buyouts, has invested in fifteen companies of which five companies were added in 2003. Both the investment pace and the operations of the portfolio companies are developing according to plan. The largest investments include a healthcare insurance operator and a fashion retailer both based in the UK as well as a German Packaging company.

#### **The Third Cinven Fund (No.1), L.P.**

Cinven, together with another private equity firm, announced to have reached an agreement with respect to the acquisition of BertelsmannSpringer, one of the world's leading academic publishers, from parent company Bertelssmann AG. Both private equity firms have also announced their intention to merge the company with Kluwer Academic Publishers, which has been added to the Cinven portfolio recently, and create the second largest scientific, technical and medical publisher in the world. Cinven also announced the acquisition of a health and fitness club in the United Kingdom. The portfolio holds eight investments in the European sector of large buyouts and is performing within expectations.

**Crimson@Velocity Fund, L.P.**

Crimson has a focus on companies on the Pacific rim that benefit from the trend towards increased outsourcing of manufacturing and value added services to this region. This strategy will benefit from the increasing pressure on costs especially in the computer, consumer electronics and telecommunication industry. Six companies have been written down with the remaining nine companies being on track.

**Green Equity Investors IV, L.P.**

The fund, which has a focus on mid-sized buyouts mainly on the US west coast, expects to make its first investment shortly since the previous fund Green Equity Investors III announced that it had completed its final transaction.

**JP Morgan Partners Global Investors (Cayman), L.P.**

With over 50 investments represented in the fund, the portfolio is well diversified across regions (70% North America, 25% Europe and 5% Rest of the World) and stages (venture capital 10%, buyouts 70% and growth equity 20%). Follow-on investments were made in ten companies. In April the proceeds from the sale of PrimeCo Wireless and the current income from five companies were distributed to investors. The investment pace is expected to remain at the current level.

**Lindsay Goldberg & Bessemer, L.P.**

In the second quarter of 2003 no new investments took place. The current portfolio holds two investments in a company with main activities including the construction and maintenance of underground and overhead electrical distribution cables and a financial services company. Both companies are performing according to plan.

**Nordic Capital V**

Since inception, the fund has made no investments, pending the last investments in the previous fund. Nordic Capital expects to make the first investment in the third quarter of 2003.

**Wellspring Capital Partners III, L.P.**

The fund is formed to make primarily control investments in a diversified portfolio of 12 to 15 established companies. Wellspring targets traditional industries like consumer products, manufacturing, retail, consumer business services and distribution. Total commitments to this fund reached approximately USD 700 million. The fund has made three investments for a total volume of more than USD 110 million. The portfolio includes a food distribution group, a postsecondary education company and a residential services group.

#### **Willis Stein & Partners III, LP**

After a number of write downs and necessary restructuring in the early investments of the portfolio, Willis Stein invested in a super market chain in late 2002 and acquired a distributor of books, music and video to the institutional library and retail markets in the first half of 2003. Almost all of the eleven investments have beaten the budget for the year to date, and the performance expectations of the overall portfolio are increasingly becoming positive.

#### **Secondary Commitments**

##### **Bain Capital VI Coinvestment Fund**

The four portfolio investments are developing according to plan. The largest company, which represents more than half the cost value and is active in the home delivery food business, is ready for a potential exit. Due to the current capital market conditions Bain has, however, opted for a recapitalisation, in which it will realise only part of the increased value. This will allow the fund to benefit from improving capital market conditions and opt for a possible IPO at a later stage.

##### **Deutsche European Partners IV**

During 2002, the participations in Coral Group and Coral Eurobet were sold. This exit was the first for the RGS Capital vehicle. Although a number of the six active companies in the portfolio are being challenged and have been written down, these are developing in line with shaPE's expectations at the time of the secondary transaction, which were reflected in the discount at the time of the acquisition.

##### **Green Equity Investors III L.P.**

Proceeds from the (partial) sales of a few companies in the portfolio were distributed and capital calls were made for follow-on investments in the portfolio. The eleven portfolio companies are developing at or above shaPE's expectations at the time of the acquisition of this secondary commitment.

##### **Heartland Industrial Partners**

The portfolio contains four investments including a diversified industrial manufacturer and a home furnishing business. Follow on investments for these companies are being made. At present it is too early to judge the performance of the investments.

##### **Industri Kapital 2000**

Industri Kapital recently acquired a Dutch healthcare services company in a secondary buyout transaction. In addition the partial exit of one of the portfolio companies is being prepared. Overall the portfolio contains 14 investments and is performing well.

##### **Stonebridge Partners Equity Fund II**

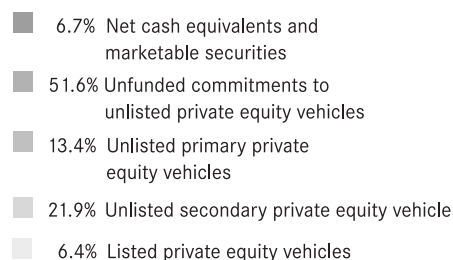
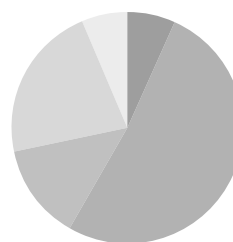
The portfolio consists of five investments which are suffering somewhat from the current economic climate. Nevertheless it is performing in line with shaPE's expectations at the time of the secondary acquisition of the limited partnership interest and the value has remained stable.

## Asset Allocation

As at 30 June 2003 shaPE had net assets of CHF 126 million of which CHF 53 million were invested in 18 unlisted limited partnerships and six listed private equity companies. The remaining CHF 73<sup>1</sup> million were held in cash equivalents and marketable securities of which CHF 65 million were already committed but remained to be invested by the limited partnerships. The portfolio is well diversified across investment stages, regions and vintage years.

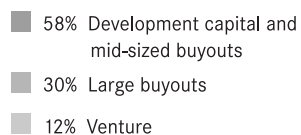
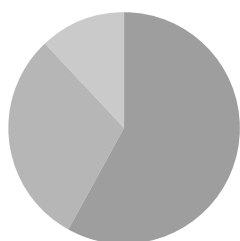
Allocation to Asset Categories

**Asset Allocation as of 30 June 2003**



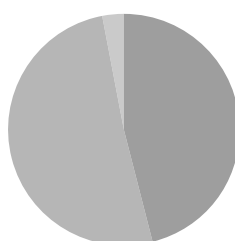
Allocation to Investment Stage

**Commitments to unlisted private equity vehicles by stage as of 30 June 2003**



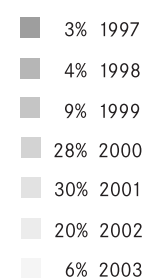
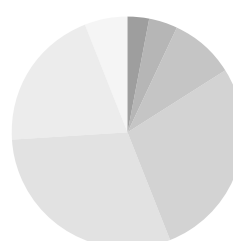
Allocation to Geographic Region

**Commitments to unlisted private equity vehicles by geography as of 30 June 2003**



Allocation to Vintage Year

**Commitments to unlisted private equity vehicles by vintage as of 30 June 2003**



<sup>1</sup> Adjusted for current liabilities



# Consolidated Financial Statements

## Consolidated Balance Sheet

(Amounts in CHF)	Notes	<b>30.06.03</b> Unaudited	31.12.02 Audited
<b>Assets</b>			
Cash and cash equivalents		52 844 391	58 434 622
Marketable securities		24 995 654	44 921 270
Receivables and accrued income		13 321	42 252
<i>Current Assets</i>		<i>77 853 366</i>	<i>103 398 144</i>
Investments	3	52 663 351	43 770 536
<i>Non-current Assets</i>		<i>52 663 351</i>	<i>43 770 536</i>
<b>Total Assets</b>		<b>130 516 717</b>	<b>147 168 680</b>
<b>Liabilities and shareholders' equity</b>			
Payables for purchase of investments	3	2 628 247	22 621 308
Payables and other short-term liabilities		1 713 951	3 374 120
Tax Accrual		7 500	18 200
<i>Current liabilities</i>		<i>4 349 698</i>	<i>26 013 628</i>
Share capital paid in		68 600 000	68 600 000
Legal reserves		62 397 792	62 397 792
Other reserves - stock option plan		30 169	10 057
Accumulated deficit carried forward		(9 852 797)	-
Net income / (loss) for the period		4 991 855	(9 852 797)
<i>Shareholders' equity</i>		<i>126 167 019</i>	<i>121 155 052</i>
<b>Total Liabilities and shareholders' equity</b>		<b>130 516 717</b>	<b>147 168 680</b>
Number of shares outstanding at balance sheet date		686 000	686 000
Net Asset Value per share		183.92	176.61

## Consolidated Statement of Income

(Amounts in CHF)	Notes	01.01.03 - 30.06.03 Unaudited	17.09.01 - 30.06.02 Unaudited
<b>Operating income</b>			
Realized gains / (losses) on investments, net	3	(1 174 170)	-
Unrealized gains / (losses) on investments, net	3	7 885 644	(2 639 617)
Dividend and interest income from investments	3	64 001	-
<i>Income from investments</i>		<i>(6 775 475)</i>	<i>(2 639 617)</i>
Interest income from current assets		146 972	1 142 600
Gains/ (losses) on foreign exchange		51 295	-
Other income		539	361
<i>Income from current assets</i>		<i>198 806</i>	<i>1 142 961</i>
<b>Operating expenses</b>			
Management and advisory fees		(1 201 964)	(1 438 030)
Other expenses		(762 930)	(680 347)
Foundation cost		-	(665 397)
<i>Operating expenses</i>		<i>(1 964 894)</i>	<i>(2 783 774)</i>
<b>Net income / (loss) before tax</b>		<b>5 009 387</b>	<b>(4 280 430)</b>
Taxes		(17 532)	(12 000)
<b>Net income / (loss) for the period</b>		<b>4 991 855</b>	<b>(4 292 430)</b>
Weighted average number of shares outstanding during period		686 000	592 294
Earnings / (loss) per share (basic and diluted)		7.28	(7.25)

In order to be consistent with the audited figures of the financial statements 2002, the presentation of the comparing periods numbers slightly differ from the ones reported in the previous year semi-annual report. Adjustments were made relating to the capital increase cost in the amount of CHF 6'102'208 which were now directly charged to equity instead of being part of the foundation cost in the income statement.

## Consolidated Statement of Cash Flow

(Amounts in CHF)	01.01.03 - 30.06.03 Unaudited	17.09.01 - 30.06.02 Unaudited
<b>Cash flow from operating activities</b>		
Purchase / Sales of marketable securities, net	19 912 724	(94 612 613)
Purchase of investments	(25 589 150)	(7 406 234)
Sale proceeds and capital distributions received from investments	3 414 748	-
Dividends and interests received from investments	64 001	-
Interest received from current assets	172 345	633 217
Other income received	539	-
Operating expenses paid	(3 588 501)	(899 480)
Interest paid	(2 696)	-
Taxes paid	(28 232)	-
<i>Cash flow from (used in) operating activities</i>	<i>(5 644 222)</i>	<i>(102 285 110)</i>
<b>Cash flow from financing activities</b>		
Proceeds from share capital increase	-	137 000 000
Capital increase cost paid	-	(6 102 208)
<i>Cash flow from financing activities</i>	<i>-</i>	<i>130 897 792</i>
<i>Foreign Exchange differences</i>	<i>53 991</i>	<i>-</i>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(5 590 231)</b>	<b>28 612 682</b>
Cash and cash equivalents at the beginning of the period	58 434 622	100 000
<b>Cash and cash equivalents at the end of the period</b>	<b>52 844 391</b>	<b>28 712 682</b>

## Consolidated Statement of Changes in Shareholders' Equity

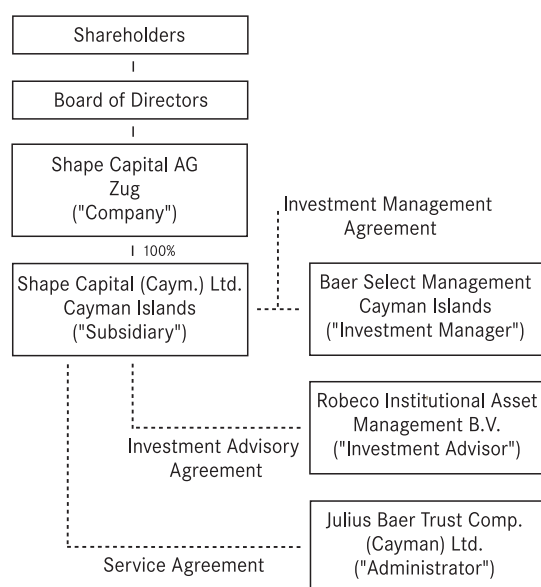
(Amounts in CHF)

	Share capital	Legal reserves	Other reserves stock options plan	Retained earnings	Total Unaudited
<b>Opening balance 17.09.01</b>	<b>100 000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>100 000</b>
Increase share capital	68 500 000	68 500 000			137 000 000
Capital increase cost		(6 102 208)			(6 102 208)
Net income/(loss) for the period				(4 292 430)	(4 292 430)
<b>Closing balance 30.06.02</b>	<b>68 600 000</b>	<b>62 397 792</b>	<b>0</b>	<b>(4 292 430)</b>	<b>126 705 362</b>
<b>Opening balance 01.01.03</b>	<b>68 600 000</b>	<b>62 397 792</b>	<b>10 057</b>	<b>(9 852 797)</b>	<b>121 155 052</b>
Stock options granted			20 112		20 112
Net income/(loss) for the period				4 991 855	4 991 855
<b>Closing balance 30.06.03</b>	<b>68 600 000</b>	<b>62 397 792</b>	<b>30 169</b>	<b>(4 860 942)</b>	<b>126 167 019</b>

# Notes to the consolidated financial statements

## 1. Organization and business activity

shaPE Capital AG is an investment company, that provides easy access to private equity investments. The Company was incorporated under the laws of Switzerland on September 17, 2001 and is based in Zug, with the status of a holding company. Its investment activities are conducted by the wholly-owned subsidiary, shaPE Capital (Cayman) Ltd. in the Cayman Islands and supported by Baer Select Management Ltd., the Investment Manager, and Robeco Institutional Asset Management B.V., the Investment Advisor. The Company has one direct employee.



Since November 2001 the shares of the company have been listed on the Swiss Stock Exchange (SWX).

shaPE uses a clearly structured investment philosophy to focus on selecting and investing in the most suitable private equity companies around the world. In order to minimize investment risks, shaPE diversifies its investments across different regions, age of companies, sectors and vintage years. The fee structure, which includes Management and Performance Fees, a hurdle rate and a high water mark, ensures that the interests of the parties involved are aligned with the investor's interests.

The Company's investment strategy aims to create value for shareholders through long-term capital gains. Accordingly, it is currently not intended to pay any dividend to the shareholders.

## **2. Accounting policies and valuation principles**

### **(a) Basis of presentation**

These consolidated semi-annual financial statements comprise the financial statements of shaPE Capital AG, Zug and its fully-owned subsidiary, shaPE Capital (Cayman) Limited, Cayman Islands. There were no changes in the scope of consolidation during the period under review.

The consolidated semi-annual financial statements are prepared in accordance with the International Accounting Standard (IAS) 34, "Interim Financial Reporting" as well as the provisions of the Additional Rules of the SWX Swiss Exchange for the Listing of Investment Companies.

The accounting policies applied for the consolidated semi-annual financial statements correspond to those of the audited consolidated financial statements 2002 as presented in the Annual Report 2002.

### **(b) Use of estimates**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **(c) Accounting policies and valuation principles**

The company's accounting policies are disclosed in the Annual Report 2002.

#### Valuation principles used for Investments

Investments in funds, limited partnerships as well as direct investments are classified as "available-for-sale". All investments are initially recognised at cost and subsequently re-measured at fair value. Changes in the fair value of investments are recognised as "unrealized gains / (losses) on investments" in the income statement as they arise.

#### Unlisted investments

Private equity investments for which market quotations are not readily available are valued at fair value as determined in good faith by the Board of Directors based on the recommendation of the investment manager. No third party valuations are used. In this respect, investments in other investment companies which are not publicly traded are normally valued at the underlying net asset value as advised by the managers or administrators of these investment companies, unless the Board of Directors are aware of reasons why such a valuation would not be the best approximation of fair value. All fair valuations may differ significantly from values that would have been used, had ready markets existed, and the differences could be material.

Based on an assessment of all appropriate indicators of fair value, shaPE makes a good faith estimate of the fair values as of the valuation date. In estimating the fair value of fund investments or investments in limited partnerships, shaPE considers all appropriate and applicable factors relevant to their value. Such factors may include, but are not limited to the following:

- Reference to the fund's / partnership's most recent reporting information
- Reference to recent transaction prices
- Results of an assessment of the underlying fund's / partnership's assets and expected returns
- Results of operational and environmental assessment

Purchases and sales of investments are recognized on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction cost.

#### Listed investments

When a financial instrument is traded in an active and liquid market, its quoted market price provides the best evidence of fair value. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, the current offer or asking price. When the current bid and offer prices are unavailable, the price of the most recent transaction may provide evidence of the current fair value provided that there has not been a significant change in economic circumstances between the transaction date and the reporting date.

When there is infrequent activity in a market, the market is not well established or small volumes are traded relative to the number of trading units of a financial instrument to be valued, quoted market prices may not be indicative of the fair value of the instrument. In these circumstances, as well as when a quoted market price is not available, estimation techniques may be used to determine the fair value with sufficient reliability.

### 3. Investments

Investment Name	Strategic Focus	Geographic Focus	Vintage	CCY	Commitment Original Currency	Commitment Reporting Currency	Fair Value as of 01.01.2003 CHF	Invested Capital 2003 CHF	Returned Capital 2003 CHF	Realized Gain/(Loss) 2003 CHF	Unrealized Gain/(Loss) 2003 CHF	Fair Value as of 30.06.2003 CHF	Cost Value as of 30.06.2003 CHF	Divid./Interest Received 2003 CHF
<b>Unlisted Investments</b>														
Advent Global Private Equity IV-D, L.P.	Development Capital	Western Europe	2001	EUR	5 500 000	8 555 250	1 259 933	904 886			59 391	2 224 210	2 477 277	
APAX Europe V-A, L.P.	Generalist with a focus on mid sized Buyouts	Western Europe	2001	EUR	7 500 000	11 666 250	1 546 689	1 924 088	(253 166)	3 106	178 050	3 398 767	3 857 343	
Atlas Ventures VI, L.P.	Venture Capital	North America and Western Europe	2000	USD	4 650 000	6 298 425	662 590	365 140		(75 381)		952 349	1 380 004	
Barclays Private Equity European Fund D	Buyouts	Western Europe	2002	EUR	2 500 000	3 888 750	368 605	848 586		47 431		1 264 622	1 276 718	
Crimson@Velocity, L.P.	Venture Capital	North America and Pacific Rim	2000	USD	3 000 000	4 063 500	1 199 077	321 512		(22 377)		1 498 212	2 416 186	
Green Equity Investors IV, L.P.	Buyouts	United States	2002	USD	4 500 000	6 095 250	0	0				0	0	
J.P. Morgan Partners Global Investors, L.P.	Venture Capital and Development Capital	Global	2001	USD	5 000 000	6 772 500	1 111 691	174 863	(17 006)	8 523	(34 911)	1 243 160	1 621 590	3 888
Lindsay, Goldberg & Bessemer, L.P.	Buyouts	North America and Western Europe	2002	USD	5 000 000	6 772 500	195 514	190 680		(26 574)		359 620	554 225	
Nordic Capital V, L.P.	Development Capital	Europe	2003	EUR	1 000 000	1 555 500	0	0				0	0	
The 3rd Cinven Fund (No. 1), L.P.	Buyouts	Western Europe	2002	EUR	5 000 000	7 777 500	1 480 224	804 340		119 306		2 403 870	2 429 142	
Wellspring Capital Partners III, L.P.	Development Capital	United States	2003	USD	4 000 000	5 418 000	0	0				0	0	
Willis Stein & Partners III, L.P.	Development Capital and Buyouts	North America	2000	USD	7 500 000	10 158 750	3 603 316	61 994		(140 901)		3 524 409	5 856 820	
RGS Capital, L.P. [1]	Various [1]	Various [1]	[1]	USD	23 007 955	31 164 275	22 621 308	(1 074 152)	(28 467)	6 190 099	27 708 788	21 518 689		
<i>Total Unlisted Investments</i>						<i>110 186 450</i>	<i>34 048 947</i>	<i>5 596 089</i>	<i>(1 344 324)</i>	<i>(16 838)</i>	<i>6 294 133</i>	<i>44 578 007</i>	<i>43 387 994</i>	<i>3 888</i>
<b>[1] Fund Investments held and gross commitments made by RGS Capital L.P. (Amounts reflecting 40% stake of shaPE Capital)</b>														
Bain Capital VI Co-Investment Fund, L.P.	Development Capital	United States	1998	USD	3 000 000		2 828 245	63 613	(263 611)		60 652	2 688 899	2 628 247	
Deutsche Europ. Partners IV (No. 2), L.P.	Buyouts	Europe	1999	EUR	6 000 000		2 860 180	1 522 508	(2 430 771)		675 965	2 627 882	1 951 917	
Green Equity Investors III, L.P.	Development Capital and Buyouts	United States	1999	USD	1 800 000		1 513 444	121 080	(122 489)		767 155	2 279 190	1 512 035	
Heartland Industrial Partners L.P.	Development Capital	United States	2000	USD	5 200 000		6 003 839	(81 351)			10 513	5 933 001	5 922 488	
Industri Kapital 2000	Development Capital	Europe	2000	EUR	10 249 110		7 752 106	(98 933)			4 654 573	12 307 746	7 653 173	
Stonebridge Partners Equity Fund II, L.P.	Development Capital	United States	1997	USD	2 200 000		1 663 494	16 300			2 971	1 682 765	1 679 794	
Net cash held within RGS Capital L.P.							0	171 035			18 270	189 305	171 035	
<i>Total RGS Capital, L.P.</i>							<i>22 621 308</i>	<i>1 714 252</i>	<i>(2 816 871)</i>	<i>0</i>	<i>6 190 099</i>	<i>27 708 788</i>	<i>21 518 689</i>	
Total unfunded commitment as of June 30, 2003 CHF 65.1 Mio.														

### 3. Investments (continued)

Investment Name	Strategic Focus	Geographic Focus	CCY	Number of Shares 01.01.2003 shares held	Number of Shares 30.06.2003 shares held	Fair Value as of 01.01.2003 CHF	Invested Capital 2003 CHF	Returned Capital 2003 CHF	Realized Gain/(Loss) 2003 CHF	Unrealized Gain/(Loss) 2003 CHF	Fair Value as of 30.06.2003 CHF	Cost Value as of 30.06.2003 CHF	Divid./Interest Received 2003 CHF	
<b>Listed Investments</b>														
Deutsche Beteiligungs AG	Development Capital	North America and Western Europe	EUR	20 247	0	223 306	(196 061)	(247 439)	220 194	0	0	0	0	
GIMV NV	Generalist with a focus on Venture Capital	Western Europe and North America	EUR	34 086	0	931 431	(937 255)	(422 819)	428 643	0	0	0	0	
Siparex Croissance	Development Capital	Western Europe and North America	EUR	14 201	0	400 833	(408 536)	(68 324)	76 027	0	0	0	24 710	
Candover Investments Plc.	Buyouts	North America and Western Europe	GBP	56 165	56 165	1 431 923			15 472	1 447 395	1 479 407	1 479 407	31 707	
Electra Investment Trust Plc.	Development Capital	Global	GBP	79 647	79 647	895 590			70 152	965 742	1 074 401	1 074 401		
Martin Currie Cap Return	Generalist with a focus on Buyouts	Western Europe and North America	GBP	189 161	0	335 901	(328 149)	(165 031)	157 279	0	0	0	307	
Pantheon Intl. Participation Plc.	Generalist with a focus on Development Capital	North America and Western Europe	GBP	149 678	149 678	1 539 743			(44 343)	1 495 400	1 589 560	1 589 560		
Schroder Ventures Intl.	Generalist with a focus on Development Capital	Global with a focus on Western Europe	GBP	195 275	195 275	1 647 913			337 953	1 985 866	1 532 834	1 532 834		
3i Group Plc.	Generalist with a focus on Development Capital	Western Europe	GBP	116 778	117 839	1 443 120			44 971	1 488 091	1 631 055	1 631 055		
Jafoo Co. Ltd.	Venture Capital and Development Capital	Global with a focus on Asia	JPY	3 900	0	233 118	(200 423)	(253 719)	221 024	0	0	0	993	
Capital Southwest Corp.	Generalist with a focus on Buyouts	North America	USD	9 200	9 200	638 711			64 139	702 850	952 495	952 495	2 396	
<i>Total Listed Investments</i>						<i>9 721 589</i>	<i>0</i>	<i>(2 070 424)</i>	<i>(1 157 332)</i>	<i>1 591 511</i>	<i>8 085 344</i>	<i>8 259 752</i>	<i>60 113</i>	
<b>Summary</b>														
<b>Investment Category</b>						<b>Commitment Reporting Currency CHF</b>	<b>Fair Value as of 01.01.2003 CHF</b>	<b>Invested Capital 2003 CHF</b>	<b>Returned Capital 2003 CHF</b>	<b>Realized Gain/(Loss) 2003 CHF</b>	<b>Unrealized Gain/(Loss) 2003 CHF</b>	<b>Fair Value as of 30.06.2003 CHF</b>	<b>Cost Value as of 30.06.2003 CHF</b>	<b>Divid./Interest Received 2003 CHF</b>
<i>Total Unlisted Investments</i>						<i>110 186 450</i>	<i>34 048 947</i>	<i>5 596 089</i>	<i>(1 344 324)</i>	<i>(16 838)</i>	<i>6 294 133</i>	<i>44 578 007</i>	<i>43 387 994</i>	<i>3 888</i>
<i>Total Listed Investments</i>						<i>0</i>	<i>9 721 589</i>	<i>0</i>	<i>(1 157 332)</i>	<i>1 591 511</i>	<i>8 085 344</i>	<i>8 259 752</i>	<i>60 113</i>	
<b>Total Investments</b>						<b>110 186 450</b>	<b>43 770 536</b>	<b>5 596 089</b>	<b>(3 414 748)</b>	<b>(1 174 170)</b>	<b>7 885 644</b>	<b>52 663 351</b>	<b>51 647 746</b>	<b>64 001</b>
Total unfunded commitment as of June 30, 2003														
CHF 65.1 Mio.														

#### 4. Major Shareholders

During the period under review, the following changes in major shareholders were disclosed:

		30.06.2003	31.12.2002
(Holding in % of share capital at date of disclosure)	Date of disclosure	Holding in %	Holding in %
Bank Julius Baer & Co. Ltd., Zürich	30.06.2003	25.39%	10.01%
Julius Baer Multicoorporation SICAV, Luxembourg	01.07.2003	0.00%	8.03%

#### 5. Related party transactions

Entities of Julius Baer Group are considered as related parties. In the period under review, the following related party transactions took place:

Baer Select Management Ltd, Cayman acts as Investment Manager of the company. The consolidated semi-annual financial statements contain accruals of CHF 0.6 million for management fees owed for the period under review. The fee will be payable within 60 days after the end of the company's fiscal year only.

Julius Baer Trust Company (Cayman) Ltd. and Julius Baer Family Office AG, Zug provide administrative services for the companies in the Cayman Island and in Zug. The consolidated semi-annual financial statements include payments or accruals of CHF 0.14 million for the services rendered in the first half of the year.

Based on an office rent contract with Julius Baer Family Office AG, Zug a rent of CHF 13'740 was paid for the first half of the year

Bank Julius Baer & Co. Ltd., New York acts as custodian for the marketable securities and the listed investments held by the company. For the period under review the custodian fee amounts to approx. CHF 28'000. Furthermore, all the companies cash accounts are held with Bank Julius Baer & Co. Ltd. in New York and Zurich. Interests are paid at market rates.

For legal- and IT services received from Bank Julius Baer & Co. Ltd., Zurich an amount of approx. CHF 11'000 was paid in the first half of the year.

## 7. Commitments, contingencies and off-balance sheet transactions

In addition to those commitments disclosed in Note 3 the company has the following off-balance-sheet transactions open with Bank Julius Baer & Co. Ltd., New York:

	30.06.2003	30.06.2003	30.06.2003
(Amounts in CHF)			
	Contract volume	positive replacement value	negative replacement value
Currency forwards (long) - EUR	347 265	2 572	0
Currency forwards (long) - USD	155 422	1 020	0
<b>Total currency forwards</b>	<b>502 687</b>	<b>3 592</b>	<b>0</b>

For the company's contingent liability with respect to the stock option plan we refer to the Note 13 of the consolidated financial statements 2002.

## 8. Events subsequent to the balance sheet date

After the balance sheet date as of June 30, 2003 shaPE has made the following capital commitments:

	Capital Commitment
(Amounts in foreign currency)	
Permira Europe III	EUR 2 000 000



## Information for Investors

Swiss Security Number	1.288.584
ISIN	CH0012885841
Ticker	SHPN

### **Accounting Standards**

IFRS

### **Organization**

Board of Directors	Michael P. Baer Juerg W. Sturzenegger Daniel Sauter
Chief Executive Officer	Benedickt G. Brenninkmeijer
Investment Advisor	Robeco Institutional Asset Management B.V., Rotterdam
Management	Baer Select Management Ltd., Cayman Islands
Auditors	PricewaterhouseCoopers

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