

# Semi-Annual Report

June 2006



## Dear Shareholder

In the first six months ending 30 June 2006 shaPE's share price gained 3.2% to CHF 224.00 while the NAV per share decreased by 2.7% to CHF 228.21 resulting in a discount between NAV per share and share price of 1.8% per end of June 2006. This development follows a decrease in consolidated equity of CHF 3.3 million over the same period, equivalent to a gross investment loss of CHF 2.0 million or a net loss of CHF 4.2 million.

The gross investment loss is stemming from negative foreign exchange rate revaluations of CHF 3.4 million and a positive investment result from the underlying private equity portfolio of CHF 1.4 million. The foreign exchange rate loss is primarily attributed to a significant devaluation of the USD versus the CHF of 7.1% through the first half of 2006 which impaired the USD-denominated investments by CHF 3.6 million.

The reverse development between share price and NAV per share relates to retrospective portfolio revaluations as a significant number of shaPE's limited partnerships reported their 2005 year-end fair values only in the first quarter of 2006 whereas shaPE reflected such revaluations retroactively in the NAV per 31 December 2005.

shaPE made no new commitments in the second quarter 2006. With the four follow-on commitments made in the first quarter, shaPE's commitment ratio increased by five percentage points to 109% in the first half of 2006 while in parallel the investment ratio came down by three percentage points to 69% as significant distributions from the unlisted private equity portfolio as well as foreign currency translation losses have reduced the fair value of shaPE's invested portfolio.

Despite the disincentive rise in interest rates, fundraising and investment activity in major private equity markets have further accelerated in the first half of 2006. However, high debt multiples and the recent U.S. economy slowdown may pose a more challenging environment for private equity investors in the quarters ahead. shaPE therefore retains a generally cautious investment approach and expects to make between one and three commitments in the third and fourth quarter of 2006.

We would like to thank you for your continued support.

Yours sincerely,



Dr. Beat Buehlmann  
President of the Board of Directors



Florian Siegfried  
Chief Executive Officer

## A Brief Portrait

shaPE Capital Ltd. is an investment company, listed at the SWX Swiss Exchange, that provides access to a diversified portfolio of private equity investments. The company is based in Pfäeffikon SZ (community of Freienbach), with the status of a holding company. Its investment activity is handled by the subsidiary in the Cayman Islands and is supported by Horizon21 Private Equity (Cayman) Ltd., the Investment Manager<sup>1</sup>, and Horizon21 Private Equity Ltd., the Investment Advisor<sup>2</sup>. shaPE uses a clearly structured investment strategy to focus on selecting and investing in the most suitable private equity managers around the world. In order to minimize investment risks, the investments are well diversified across regions, development stages, sectors and vintage years. This is combined with a strong focus on managers with superior track records. shaPE does not hedge its foreign currency commitments and investments may lead to a significant exposure to the fluctuations of such currencies. The fee structure, which includes Management and Performance Fees, a Hurdle Rate and a High Watermark ensures that the interests of the parties involved are aligned with the investor's interests.

## Key Facts and Figures (as at 30 June 2006)

<b>shaPE</b>	
Closing Stock Price (CHF)	224.00
Stock Price Change (since initial public offering)	12.0%
Stock Price Change (year-to-date)	3.2%
NAV per Share (CHF)	228.21
NAV per Share Change (since initial public offering)	14.2%
NAV per Share Change (year-to-date)	(2.7%)
Premium/(Discount)	(1.8%)
Capital Invested in % of NAV	69%
Capital Committed in % of NAV	109%

<sup>1</sup> The subsidiary terminated the investment management agreement with Baer Select Management Ltd. per 16 January 2006. Horizon21 Private Equity (Cayman) Ltd. has been appointed as the new Investment Manager as of 17 January 2006.

<sup>2</sup> The subsidiary terminated the investment advisor agreement with Robeco Institutional Asset Management B.V. per 31 March 2006. Horizon21 Private Equity Ltd. has been appointed as the new Investment Advisor as of 1 April 2006.

## Management Summary

For shaPE the first six months of 2006 were characterized by two major developments. On the one hand, shaPE's portfolio profited from a sound environment for private equity investments with overall solid exit markets whereas however in the second quarter IPOs in Europe have suffered from a general caution in new listings, increasing the number of cancelled or postponed flotations. On the other hand, shaPE was exposed to a rather severe decline in the USD versus the CHF which resulted in a significant foreign exchange rate loss.

Both developments had opposite effects to shaPE's NAV per share which declined by 2.7% during the first half of 2006. This is reflected by a gross investment loss of CHF 2 million which is the sum of a foreign exchange rate loss of CHF 3.4 million and a positive investment result of the underlying portfolio of CHF 1.4 million, resulting in a net loss of CHF 4.2 million or a gross and net return on average invested capital of minus 1.8% or minus 3.7%, respectively.

During the first half of the year shaPE's commitment ratio increased by five percentage points to 109% whereas the investment ratio decreased slightly by three percentage points to 69%. The increase in the commitment ratio basically reflects four follow-on commitments which were made in the first quarter of 2006. On the other hand, negative foreign exchange rate effects as well as distributions of totally CHF 20.4 million during the first half of 2006 - well in excess of the aggregated CHF 16.1 million in draw downs by limited partnerships during the same period - lowered shaPE's investment ratio.

In the second quarter of 2006 market conditions for private equity investments have become more demanding. With historically high valuations and aggressive leverage used to finance deals, the current environment is rather a sellers than as a buyers market. In addition, the trend towards ever larger mega funds may indicate that this fundraising cycle is nearing its top.

## Market Overview

The environment for private equity investments has continued to be very favourable especially in the first quarter of 2006 backed by solid corporate earnings and cheap debt available. Following the already strong 2005, fundraising has kept momentum and the trend for ever larger buyout funds has sustained. This is for example documented by the record closing of Permira IV in July 2006 at above EUR 11 billion, the largest amount ever secured by a European private equity firm. Global M&A volume reached a record-setting USD 1.95 trillion in the first half of 2006, a 36% increase over the same period in 2005. Of that figure, private equity firms participated in 19% of all M&A deals while in an increasing number of transactions portfolio firms were acquired by private equity houses along with industrial buyers.

General market consent among a majority of private equity participants remains very optimistic. According to the latest Collier Capital Global Private Equity Barometer, almost half of the responding limited partners intend to increase their allocation to the asset class while less than ten percent consider decreasing their allocations. Based on the solid performance over the last few years, limited partner satisfaction with private equity remains very high and thus return expectations over a horizon of three to five years are being upbeat.

The recent correction of global stock markets may however be interpreted as a reaction of investors preparing for a transition to a more moderate run rate in the global economy. shaPE expects that over time, private equity investors will also become more cautious with respect to their expectations for this asset class.

The strong liquidity growth in the U.S. over the last few years has certainly supported the economic development on a global scale. Further rising interest rates - not only in the U.S. but also in Europe - could impact private equity valuations as well, particularly when considering that debt multiples for large LBO transactions have significantly increased over the last few quarters.

## Portfolio Development and Outlook

### Overview

As at 30 June 2006, shaPE had outstanding commitments of totally CHF 170.5 million, diversified among 45 limited partnerships which are managed by 35 fund managers. In the first quarter of 2006, shaPE made four follow-on commitments, including Nordic VI, L.P., Lightyear Fund II, L.P., The Fourth Cinven Fund, L.P. and Bain Capital Fund IX, L.P. at a combined volume of CHF 22.5 million. As mentioned before, shaPE made no new commitments to limited partnerships in the second quarter of 2006, but expects to make one to three new commitments through the remaining two quarters of this year. Since inception in November 2001 until end of June 2006, shaPE has invested CHF 136 million in its limited partnership portfolio which returned CHF 74.4 million during the same period, equivalent to an average portfolio Investment Multiple of 1.3x (after currency effects) per end of June 2006.

In terms of portfolio diversification, shaPE intends to gradually decrease the number of limited partnerships while simultaneously increasing the commitments to investee funds. shaPE has concluded that a portfolio which focuses on roughly twenty partnerships has similar risk/return characteristics as the actual, more diversified portfolio. Management believes that such a concentration to current General Partners combined with a selective expansion to new General Partners to gain exposure to other investment areas such as Asia is most beneficial to our shareholders to continuously achieve sound returns while simultaneously reducing the portfolio volatility.

### Subsequent Portfolio events after 30 June 2006

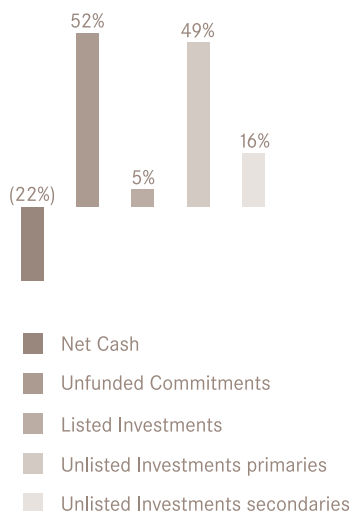
In July 2006, shaPE committed USD 5 million to Lindsay Goldberg & Bessemer II, L.P. (LGB II), a USD 3.1 billion buyout fund. This is a follow-on commitment since shaPE had already committed USD 5 million to Lindsay Goldberg & Bessemer, L.P. (LGB I) back in 2002.

Although it is rather early days for LGB I, this fund so far has qualified as top-quartile versus its peers. Lindsay Goldberg & Bessemer has a very solid reputation in the industry and maintains strong relationships for deal sourcing and value creation (LGB has a large network of CEOs and entrepreneurs and is even willing to build enterprises around exceptional CEOs). Based in New York City, LGB focuses on control investments in traditional, established industries in the United States and selectively in Western Europe.

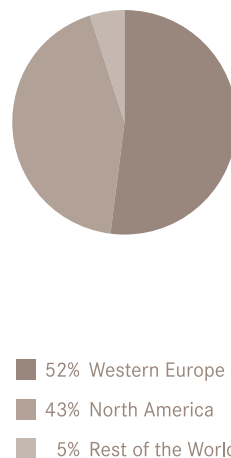
Furthermore, in July 2006 shaPE sold its partnership interests in Permira III, L.P. and J.P. Morgan Global Investors, L.P. in a secondary transaction. Both partnership interests were sold at a premium to NAV. In addition, this secondary transaction was a first step towards the reduction of the number of limited partnerships held by shaPE.

# Asset Allocation

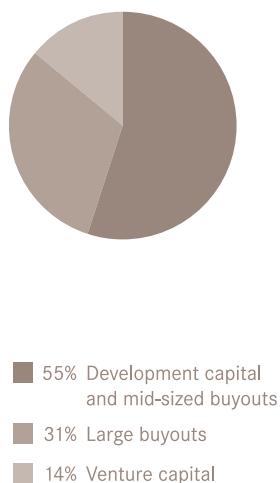
Asset allocation as at 30 June 2006



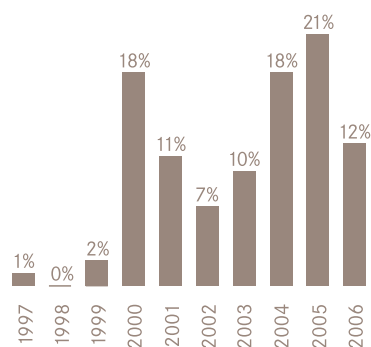
Commitments to unlisted private equity vehicles by geography as at 30 June 2006



Commitments to unlisted private equity vehicles by stage as at 30 June 2006



Commitments to unlisted private equity vehicles by vintage year as at 30 June 2006





# Consolidated Semi-Annual Financial Statements

## Consolidated Balance Sheet

(Amounts in CHF)	Notes	<b>30.06.06</b> Unaudited	<b>31.12.05</b> Audited
<b>Assets</b>			
Cash and Cash equivalents		30 030 231	27 638 088
Money market investments		20 000 000	20 000 000
Receivables and accrued income		74 833	34 096
<i>Current Assets</i>		<i>50 105 064</i>	<i>47 672 184</i>
Investments	3	108 799 051	115 537 022
<i>Non-current Assets</i>		<i>108 799 051</i>	<i>115 537 022</i>
<b>Total Assets</b>		<b>158 904 115</b>	<b>163 209 206</b>
<b>Liabilities and Shareholders' Equity</b>			
Payables for investment purchases		299 800	0
Payables and other short-term liabilities		2 049 957	3 334 382
<i>Current Liabilities</i>		<i>2 349 757</i>	<i>3 334 382</i>
Share capital paid-in		68 600 000	68 600 000
Additional paid-in capital		62 528 584	62 397 792
Less treasury shares at cost		0	(886 353)
Reserves for stock option plan		0	177 148
Accumulated profit carried forward		29 586 237	1 315 516
Net (loss) / income for the period		(4 160 463)	28 270 721
<i>Shareholders' Equity</i>		<i>156 554 358</i>	<i>159 874 824</i>
<b>Total Liabilities and Shareholders' Equity</b>		<b>158 904 115</b>	<b>163 209 206</b>
Number of shares outstanding at balance sheet date		686 000	681 476
Net Asset Value per share		228.21	234.60

The selected explanatory notes on pages 12 to 20 are an integral part of these Consolidated Semi-Annual Financial Statements.

## Consolidated Statement of Income

(Amounts in CHF)	Notes	01.01.06 - 30.06.06 Unaudited	01.01.05 - 30.06.05 Unaudited
<b>Operating Income</b>			
Realized gains on investments, net	3	4 373 848	505 221
Change in unrealized (losses) / gains on investments, net	3	(6 670 772)	7 527 713
Dividend income from investments	3	43 015	984 981
Interest income from investments	3	236 513	0
<i>(Loss) / Income from Investments</i>		<i>(2 017 396)</i>	<i>9 017 915</i>
Interest income from current assets		289 686	133 357
(Losses) / gains on foreign exchange		(133 169)	227 637
<i>Income from Current Assets</i>		<i>156 517</i>	<i>360 994</i>
<b>Operating Expenses</b>			
Management and advisory fees		(1 526 476)	(1 320 502)
Other expenses		(773 108)	(785 919)
<i>Operating Expenses</i>		<i>(2 299 584)</i>	<i>(2 106 421)</i>
<b>Net (Loss) / Income for the period</b>		<b>(4 160 463)</b>	<b>7 272 488</b>
Weighted average number of shares outstanding during period		682 451	682 976
Basic (loss) / earnings per share		(6.10)	10.65
Diluted (loss) / earnings per share		(6.06)	10.60

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## Consolidated Statement of Cash Flow

(Amounts in CHF)	01.01.06 - 30.06.06 Unaudited	01.01.05 - 30.06.05 Unaudited
<b>Cash Flow from Operating Activities</b>		
(Purchase) / Sale of money market investments, net	(3 396)	23 852 335
Purchase of investments	(15 489 749)	(14 670 724)
Sale proceeds and capital distributions received from investments	20 230 596	9 512 265
Dividends received from investments	43 015	959 136
Interest received from investments	193 491	0
Interest received from current assets	289 605	172 519
Operating expenses paid	(3 574 281)	(2 873 808)
Interest paid	(3 957)	(3 576)
<i>Cash Flow from Operating Activities</i>	<i>1 685 324</i>	<i>16 948 147</i>
<b>Cash Flow from Financing Activities</b>		
Sale of treasury shares	839 988	0
<i>Cash Flow from Financing Activities</i>	<i>839 988</i>	<i>0</i>
<i>Foreign Exchange Differences on Cash and Cash equivalents</i>	<i>(133 169)</i>	<i>227 637</i>
<b>Net Increase in Cash and Cash equivalents</b>	<b>2 392 143</b>	<b>17 175 784</b>
Balance of Cash and Cash equivalents at beginning of period	27 638 088	9 879 937
<b>Balance of Cash and Cash equivalents at end of period</b>	<b>30 030 231</b>	<b>27 055 721</b>

The selected explanatory notes on pages 12 to 20 are an integral part of these Consolidated Semi-Annual Financial Statements.

## Consolidated Statement of Changes in Shareholder's Equity

(Amounts in CHF)	Share Capital Paid-in	Additional Paid-in Capital	Less Treasury Shares	Reserves for Stock Option Plan	Retained Earnings	Total Unaudited
<b>Opening Balance 01.01.05</b>	<b>68 600 000</b>	<b>62 397 792</b>	<b>(561 708)</b>	<b>100 697</b>	<b>1 315 516</b>	<b>131 852 297</b>
Stock options granted				29 520		29 520
Net income for the period					7 272 488	7 272 488
<b>Closing Balance 30.06.05</b>	<b>68 600 000</b>	<b>62 397 792</b>	<b>(561 708)</b>	<b>130 217</b>	<b>8 588 004</b>	<b>139 154 305</b>
<b>Opening Balance 01.01.06</b>	<b>68 600 000</b>	<b>62 397 792</b>	<b>(886 353)</b>	<b>177 148</b>	<b>29 586 237</b>	<b>159 874 824</b>
Sale of treasury shares		(46 356)	886 353			839 997
Stock options executed		177 148		(177 148)		0
Net loss for the period					(4 160 463)	(4 160 463)
<b>Closing Balance 30.06.06</b>	<b>68 600 000</b>	<b>62 528 584</b>	<b>0</b>	<b>0</b>	<b>25 425 774</b>	<b>156 554 358</b>

The selected explanatory notes on pages 12 to 20 are an integral part of these Consolidated Semi-Annual Financial Statements.

# Selected Explanatory Notes to the Consolidated Semi-Annual Financial Statements

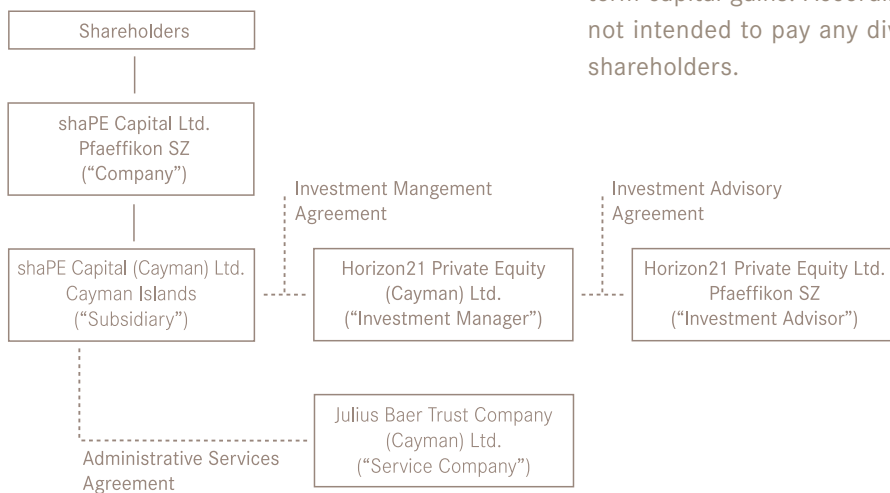
## 1. Organization and business activity

shaPE Capital Ltd. is an investment company which provides access to a diversified portfolio of private equity investments. The company was incorporated under the laws of Switzerland on 17 September 2001, and is based in Pfaeffikon SZ (community of Freienbach) (since 14 December 2005, previously 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

Horizon21 Private Equity (Cayman) Ltd., the Investment Manager, and Horizon21 Private Equity Ltd., the Investment Advisor.<sup>1</sup> The company has one direct employee.

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

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 dividends to the shareholders.



<sup>1</sup> The organization chart reflects the future anticipated set-up between the Investment Manager and Investment Advisor.

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

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

These Consolidated Semi-Annual Financial Statements comprise the financial statements of shaPE Capital Ltd., Pfaeffikon SZ (community of Freienbach), and its wholly-owned subsidiary, shaPE Capital (Cayman) Ltd., Cayman Islands, and have been prepared in accordance with International Accounting Standard 34 (IAS 34), Interim Financial Reporting, and comply with the provisions of the Additional Rules of the SWX Swiss Exchange for the Listing of Investment Companies as well as with Swiss Law.

The Consolidated Semi-Annual Financial Statements have been prepared under the historical cost convention, modified by the revaluation at fair value as required by IFRS and disclosed in the accounting policies and valuation principles hereafter.

Purchases and sales of investments or money market investments are recognized on the trade date, which is the date that the company commits to purchase or sell the asset. Capital calls are recognized as assets and liabilities on the date the capital call is received.

The Consolidated Semi-Annual Financial Statements are presented in Swiss Francs (CHF), which is the company's functional and presentation currency.

The accounting policies applied for the Consolidated Semi-Annual Financial Statements correspond to those of the audited Consolidated Financial Statements 2005 as presented in the Annual Report 2005, except for the changes discussed below.

### **(b) Standards, interpretations and amendments to published standards**

Certain new standards, amendments and interpretations to existing IFRS accounting standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2006, as follows:

- IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the for-

mat and extent of disclosures presented in the accounts. The group has applied this amendment beginning 1 January 2006. The impact on the company's financial statements is not significant.

- IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006). This amendment changes the definition of financial instruments classified at fair value through profit or loss and restricts the ability to designate financial instruments as part of this category. The group has applied this amendment beginning 1 January 2006. The impact on the company's financial statements is not significant.

**(c) Standards, interpretations and amendments to published standards that are not yet effective**

Certain new standards, amendments and interpretations to existing IFRS accounting standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2007 or later periods but which the group has not early adopted, as follows:

- IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial

instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

**(d) Use of estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions which 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.

#### Valuation principles used for investments

Investments in funds, limited partnerships as well as direct investments are classified as «at fair value through profit and loss». All investments are accounted for at trade date. Initially investments are recognized at cost, excluding transaction costs, and subsequently re-measured at fair value. Changes in the fair value of investments are recognized as «*Change in unrealized gains / (losses) on investments*» in the income statement as they arise.

Investments are derecognized when the rights to receive cash flows from the investments have expired or where the company has transferred substantially all risks and rewards of ownership.

#### Unlisted investments

Private equity investments for which market quotations are not readily available are valued at fair value. 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 company is 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 applicable indicators of fair value, the company estimates the fair values as at the valuation date. Such indicators 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

#### 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 and 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

#### Unlisted Investments

	Strategic Focus	Geographic Focus	Vintage	CCY	Original Commitment Currency	Commitment Reporting Currency	Fair Value as at 01.01.2006 CHF	Invested Capital 2006 CHF	Returned Capital 2006 CHF	Realized Gain/(Loss) 2006 CHF	Change in Unrealized Gain/(Loss) 2006 CHF	Fair Value as at 30.06.2006 CHF	Cost Value as at 30.06.2006 CHF	Divid./Interest Received 2006 CHF
3i Europartners IVa, L.P.	Development Capital	Europe	2003	EUR	1 000 000	1 228 450	1 038 038	400 132	(360 799)	83 115	46 930	1 207 416	1 027 398	
Accent Equity 2003 Fund, L.P.	Development Capital	Western Europe	2003	EUR	2 500 000	2 299 296	2 614 102	486 261	(1 312 233)	18 174	(782)	1 805 522	453 690	
Advent Global Private Equity IV-D, L.P.	Development Capital	Western Europe	2001	EUR	5 500 000	4 795 485	5 679 775	473 171	(346 742)	11 635	560 667	6 378 506	4 151 862	
Advent Global Private Equity V-C, L.P.	Development Capital	Western Europe	2005	EUR	4 000 000	6 224 887	5 81 068				(163 670)	417 398	491 893	
APAX Europe V-A, L.P.	Development Capital and Buyouts	Western Europe	2001	EUR	7 500 000	6 851 236	10 125 856	174 308	(4 349 218)	3 420 078	(3 356 145)	6 014 879	5 879 955	36 783
APAX Europe VI-A, L.P.	Development Capital and Buyouts	Western Europe	2005	EUR	3 000 000	4 000 143	1 844 185	1 151 792	(681 138)	5 514	(57 182)	2 263 171	2 332 806	
Atlas Venture Fund VI, L.P.	Venture Capital	North America and Western Europe	2000	USD	4 650 000	5 819 379	3 642 267	250 350	(79 598)	56 216	(518 507)	3 350 728	4 513 488	
Bain Capital VIII-E, L.P.	Development Capital and Buyouts	Western Europe	2004	EUR	2 500 000	3 850 695	999 967	394 025	(20 216)	317	(329 291)	1 044 802	1 403 208	
Bain Capital Fund IX, L.P.	Buyouts	North America	2006	USD	5 000 000	6 179 290		819 938			(29 298)	790 640	819 938	
Barclays Private Equity European Fund D	Development Capital	Western Europe	2002	EUR	2 500 000	2 060 854	2 830 008	13 518	(921 683)	88 362	101 369	2 111 574	1 991 339	
Barclays Private Equity European Fund II	Development Capital	Western Europe	2005	EUR	4 000 000	6 251 549	1 399 386	877 277			12 853	2 289 516	2 275 498	
BC European Capital VIII, L.P.	Buyouts	Western Europe	2005	EUR	4 000 000	6 263 259	143 024	131 796			865	275 685	273 378	
Bencis Buyout Fund II, L.P.	Development Capital	Western Europe	2004	EUR	2 500 000	3 891 883	1 025 830	452 340			11 315	1 489 485	1 468 256	
Capital International Equity Fund IV, L.P.	Development Capital	Rest of the World	2004	USD	4 000 000	3 472 200	2 556 757	367 436	(1 358 078)	11 486	(82 817)	1 494 784	952 275	68 700
Cinven The 3rd Fund (No.1), L.P.	Buyouts	Western Europe	2002	EUR	5 000 000	4 483 511	4 515 888	962 543	(654 460)	171 788	206 558	5 202 317	4 138 295	
Cinven The 4th Fund, L.P.	Buyouts	Western Europe	2006	EUR	4 000 000	6 265 600								
Crimson@Velocity, L.P.	Venture Capital	North America and Pacific Rim	2000	USD	3 000 000	3 641 360	2 681 913	753 987			(297 009)	3 138 891	4 468 074	
Exponent Private Equity Partners L.P.	Development Capital	Western Europe	2004	GBP	1 000 000	2 210 770	339 327	417 906			(1 578)	755 655	836 070	
Freeman Spogli Equity Partners V, L.P.	Development Capital and Buyouts	United States	2004	USD	3 000 000	3 351 574	1 130 066	59 299			(111 729)	1 077 636	1 076 697	
Friedmann, Fleischer & Lowe II, L.P.	Development Capital and Buyouts	United States	2004	USD	1 000 000	1 239 707	281 307	111 213			(173 907)	218 613	431 646	
Forward Ventures V, L.P.	Venture Capital	United States	2004	USD	3 000 000	3 683 917	854 926	195 855			(163 641)	887 140	1 232 047	
Green Equity Investors IV, L.P.	Development Capital and Buyouts	United States	2003	USD	4 500 000	5 039 074	1 790 662	1 082 254	(134 229)	(5 557)	(173 414)	2 559 716	2 723 871	
Institutional Venture Partners XI, L.P.	Venture Capital	North America	2004	USD	4 000 000	4 895 028	1 767 050	263 440			(31 579)	1 998 911	1 955 040	
J.P. Morgan Partners Global Investors, L.P.	Venture Capital and Development Capital	Global	2001	USD	4 096 247	4 313 780	3 781 172	651 644	(928 982)	337 143	(485 329)	3 355 648	3 740 548	57 897
Kelso Investment Associates VII, L.P.	Development Capital and Buyouts	United States	2004	USD	2 000 000	2 256 239	1 203 263	153 441	(20 646)	601	(252 862)	1 083 797	970 788	6 292

Continues onto next page

**Investments  
(continued)**

**Unlisted Investments**

	Strategic Focus	Geographic Focus	Vintage	CCY	Original Commitment Currency CCY	Commitment Reporting Currency CHF	Fair Value as at 01.01.2006 CHF	Invested Capital 2006 CHF	Returned Capital 2006 CHF	Realized Gain/(Loss) 2006 CHF	Change in Unrealized Gain/ (Loss) 2006 CHF	Fair Value as at 30.06.2006 CHF	Cost Value as at 30.06.2006 CHF	Divid./Interest Received 2006 CHF
The Lightyear Fund, L.P.	Development Capital and Buyouts	United States	2001	USD	6 500 000	4 505 783	6 466 325	830 705	(3 446 064)	191 477	972 764	5 015 207	4 248 243	8 557
The Lightyear Fund II, L.P.	Development Capital	North America and Western Europe	2006	USD	5 000 000	6 124 954	83 566	83 566				83 566	83 566	
Lindsay Goldberg & Bessemer, L.P.	Development Capital and Buyouts	United States	2002	USD	5 000 000	5 192 978	4 602 245	964 686	(52 149)	(459)	(178 282)	5 336 041	3 905 541	
Nordic Capital Fund V, L.P.	Development Capital	Europe	2003	EUR	1 000 000	1 099 850	1 384 084	168 094	(333 766)	47 677	28 762	1 294 851	1 024 564	
Nordic Capital Fund VI, L.P.	Development Capital	Europe	2006	EUR	2 000 000	3 103 272	29 511	29 511				29 511	29 511	
PAI Europe IV, L.P.	Development Capital and Buyouts	Western Europe	2005	EUR	3 000 000	4 257 338	1 770 144	27 909	(30 790)	98	13 336	1 780 697	1 775 845	
Permira Europe III, L.P.	Buyouts	Europe	2004	EUR	2 000 000	2 441 998	1 356 334	498 205	(381 610)	69 639	(69 482)	1 473 086	1 188 892	22 999
Sovereign Capital II, L.P.	Development Capital	Western Europe	2005	GBP	2 750 000	6 230 400	100 412	319 338			(161)	419 589	560 951	1 586
SPC Partners III, L.P.	Buyouts	United States	2003	USD	3 000 000	3 611 023	1 604 334	437 234	(88 620)	(1 358)	(354 269)	1 597 321	1 798 533	33 699
TA Atlantic and Pacific V, L.P.	Venture Capital and Development Capital	North America and Western Europe	2005	USD	2 500 000	3 097 566	914 602	403 646			(70 525)	1 247 723	1 306 011	
Wellspring Capital Partners III, L.P.	Development Capital	United States	2003	USD	4 000 000	4 412 759	2 958 719	858 945	(21 365)	(265)	(291 528)	3 504 506	3 868 865	
Wellspring Capital Partners IV, L.P.	Development Capital	United States	2005	USD	1 500 000	1 705 692	131 800	131 800				131 800	131 800	
Willis Stein & Partners III, L.P.	Development Capital	North America	2000	USD	7 500 000	9 186 873	8 566 232	279 888	(202 371)	(27 796)	(686 629)	7 929 324	8 621 911	
Warburg Pincus International Partners, L.P.	Development Capital and Buyouts	Western Europe and Rest. of the World	2000	USD	3 500 000	2 859 685	3 891 366	112 096	(255 248)	324	155 334	3 903 872	2 164 932	
RGS Capital, L.P. [1]	Various [1]	Various [1]	[1]	USD	23 007 955	8 141 244	21 720 274		(4 250 591)	(104 361)	(1 235 518)	16 129 804	5 776 818	

*Total Unlisted Investments*

170 540 581 108 160 908 15 789 549 (20 230 596) 4 373 848 (7 004 361) 101 089 328 86 094 043 236 513

<b>Investments (continued)</b>	<b>Strategic Focus</b>	<b>Geographic Focus</b>	<b>Vintage</b>	<b>CCY</b>	<b>Original Commitment Currency CCY</b>	<b>Commitment Reporting Currency CHF</b>	<b>Fair Value as at 01.01.2006 CHF</b>	<b>Invested Capital 2006 CHF</b>	<b>Returned Capital 2006 CHF</b>	<b>Realized Gain/(Loss) 2006 CHF</b>	<b>Change in Unrealized Gain/ (Loss) 2006 CHF</b>	<b>Fair Value as at 30.06.2006 CHF</b>	<b>Cost Value as at 30.06.2006 CHF</b>	<b>Divid./Interest Received 2006 CHF</b>
<b>Unlisted Investments</b>														
<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		2 149 075				(223 180)	1 925 895		1
Deutsche Europ. Partners IV (No. 2), L.P.	Buyouts	Europe	1999	EUR	6 000 000		771 781	17 271	(260 208)		13 492	542 336		1
Green Equity Investors III, L.P.	Development Capital and Buyouts	United States	1999	USD	1 800 000		1 244 437	(99 516)			1 400	1 146 321		1
Heartland Industrial Partners, L.P.	Development Capital	United States	2000	USD	5 200 000		3 693 936			(260 649)		3 433 287	3 631 710	
Industri Kapital 2000	Development Capital	Europe	2000	EUR	10 249 110		10 403 539	215 643	(4 656 434)		140 866	6 103 614		1
Stonebridge Partners Equity Fund II, L.P.	Development Capital	United States	1997	USD	2 200 000		1 034 176					1 034 176	977 744	
Net cash held within RGS Capital L.P.														
<i>Total RGS Capital, L.P.</i>														
2 423 330 (232 914) 765 567 (104 361) (907 447) 1 944 175 1 167 360														
<i>Total RGS Capital, L.P.</i>														
21 720 274 0 (4 250 591) (104 361) (1 235 518) 16 129 804 5 776 818 0														
Total unfunded commitment as at 30 June 2006														
CHF 82.3 Mio.														
<b>Listed Investments</b>														
Electra Investment Trust Plc.	Development Capital	Global		GBP	59 526	59 526	1 508 455				208 340	1 716 795	802 978	27 108
Pantheon Intl. Participation Plc.	Generalist with a focus on Development Capital	North America and Western Europe		GBP	149 678	149 678	2 561 974				(98 336)	2 463 638	1 589 560	
3i Group Plc.	Generalist with a focus on Development Capital	Western Europe		GBP	122 361	122 361	2 208 318				143 821	2 352 139	1 688 573	14 331
Capital Southwest Corp.	Generalist with a focus on Buyouts	North America		USD	9 200	9 200	1 097 367				79 784	1 177 151	952 495	1 576
<i>Total Listed Investments</i>														
7 376 114 0 0 0 333 609 7 709 723 5 033 606 43 015														
<b>Summary</b>														
<b>Investment Category</b>														
<i>Total Unlisted Investments</i>														
170 540 581 108 160 908 15 789 549 (20 230 596) 4 373 848 (7 004 381) 101 089 328 86 094 043 236 513														
<i>Total Listed Investments</i>														
0 7 376 114 0 0 333 609 7 709 723 5 033 606 43 015														
<b>Total Investments</b>														
170 540 581 115 537 022 15 789 549 (20 230 596) 4 373 848 (6 670 772) 108 799 051 91 127 649 279 528														
Total unfunded commitment as at 30 June 2006														
CHF 82.3 Mio.														

#### 4. Major Shareholders

The following shareholders have disclosed a participation exceeding 5% of the share capital of the company:

(Holding in % of share capital at date of disclosure)		30.06.2006	31.12.2005
	Date of disclosure	Holding in %	Holding in %
Rainer-Marc Frey, Baech, and Adrian Gut, Wollerau, indirectly via Horizon21 Group	08.11.2005	10.43%	10.43%

In May 2006 the options of the stock option plans (see Annual Report 2005 - Note 13 of the Consolidated Financial Statements) were executed and consequently all 4'524 treasury shares were sold.

#### 5. Performance Fees

For each fiscal year in respect of which the subsidiary's Net Asset Value (NAV) per share as at the Calculation Date (the end of the last day of the subsidiary's fiscal year) is greater than both the Hurdle Rate for that fiscal year and the High Watermark for that fiscal year, the subsidiary will pay a Performance Fee of an amount equal to 10% of the subsidiary's Net Profits for that fiscal year.

The High Watermark in respect of a fiscal year is defined as the greater of (a) any NAV per share of the subsidiary as of the Calculation Date of the previous fiscal years in respect of which a Performance Fee was paid, after deduction of the paid performance fees and (b) the NAV per share of the subsidiary as of the beginning of the current fiscal year (but only if no Performance Fee was paid in the prior year) and (c) the Initial NAV per share of the subsidiary.

The Initial NAV per share of the subsidiary is defined as a value of CHF 182.94.

The Hurdle Rate is defined as the compound annual yield of 5% of the Initial NAV per share of the subsidiary.

Net Profits in respect of a fiscal year are defined as the positive difference between the NAV per share of the subsidiary calculated disregarding any accrued Performance Fees as of the Calculation Date over the High Watermark for that fiscal year.

The key figures per share for the purpose of the Performance Fee calculation are as follows<sup>1</sup>:

(Amounts in CHF)		30.06.2006	30.06.2005
NAV of subsidiary per starting date 27.11.2001	High Watermark	182.94	182.94
High Watermark increased by an annual yield of 5% as at 30 June <sup>1</sup>	NAV at which Performance Fee would have been payable	228.95	218.55
Actual NAV per share of subsidiary as at 30 June per Calculation Date <sup>1</sup>	Relevant NAV	228.70	205.46

No performance fee is owed for the first half year of 2006 since the relevant NAV per share of the subsidiary as per the Calculation Date (CHF 228.70) did not exceed the High Watermark plus a compounded annual yield of 5% (CHF 228.95).

<sup>1</sup> In the course of the termination of the investment advisor agreement with Robeco Institutional Asset Management B.V. per 31 March 2006 the calculation method of the Hurdle Rate has been defined more precisely. This precision was made to the ultimate benefit of the shareholders of shaPE Capital Ltd.. As a result of this specification, the retrospective calculation of Hurdle Rates of previous half-years would vary slightly from the Hurdle Rates calculated for the prior years' Semi-Annual Financial Statements.

## 6. Related party transactions

Until 7 November 2005, Bank Julius Baer & Co. Ltd., Zurich, was a significant shareholder of the company, and consequently Julius Baer Group's companies as well as executives and officers were considered related parties. Per 30 June 2006, one of three members of the Board of Directors of shaPE Capital Ltd. was an executive of the Julius Baer Group. The company therefore considered the following persons or entities as related parties:

- all entities of the Julius Baer Group
- shaPE's key management personnel
- shareholders, executives and officers of Horizon21 Group

Since 17 January 2006 Horizon21 Private Equity (Cayman) Ltd. (2005: Baer Select Management Ltd., Cayman) has been acting as Investment Manager of the company. The Consolidated Semi-Annual Financial Statements contain accruals of CHF 0.76 million (2005: CHF 0.67 million) for management fees owed for the period under review. In addition, an Administration Fee of CHF 69'000 (2005: CHF 58'000) was paid to Julius Baer Trust Company (Cayman) Ltd. with respect to the «Administrative Services Agreement».

Since 1 April 2006 Horizon21 Private Equity Ltd. has been acting as Investment Advisor. The Consolidated Semi-Annual Financial Statements contain accruals of CHF 0.38 million for investment advisory fees owed for the period under review.

A fee of CHF 75'000 (2005: CHF 115'000) was paid to Julius Baer Family Office Ltd. for administrative services rendered in Switzerland. Additionally, a fee of CHF 6'500 was paid to Horizon21 Management Services Ltd., Pfaeffikon SZ, for administrative and legal services provided during the period of March until June 2006.

Based on an office rent contract with Julius Baer Family Office Ltd., Zug, a rent of CHF 6'450 (2005: CHF 13'740) was paid for the period from January until March 2006. In addition the company entered into a rent contract with Horizon21 Management Services Ltd., Pfaeffikon SZ, and accrued a rent of CHF 12'000 for the period from March until June 2006.

Bank Julius Baer & Co. Ltd., Zurich, acts as custodian for the money market investments and the listed investments held by the company. For the period under review the custodian fee amounts to approx. CHF 19'000 (2005: CHF 23'000).

For Legal and IT services provided by Bank Julius Baer & Co. Ltd., Zurich, an amount of CHF 9'000 (2005: CHF 7'500) was paid.

The company received interest payments of CHF 340 (2005: CHF 1'848) for Cash and Cash Equivalents deposited with Bank Julius Baer & Co. Ltd..

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

Capital commitments to Limited Partnerships are disclosed in Note 3. No other commitments, contingencies or off-balance sheet transactions exist.

## 8. Events subsequent to the balance sheet date

After the balance sheet date of 30 June 2006, shaPE made the following capital commitments:

(Amounts in foreign currency)	Capital Commitment
Lindsay Goldberg & Bessemer II - A, L.P.	USD 5 000 000

Additionally, in July 2006 shaPE sold its investments in Permira Europe III L.P. and J.P. Morgan Global Investors, L.P. to third party investors at an arm's length fair value.



## Information for Investors

Swiss Security Number	1.288.584
ISIN	CH0012885841
Ticker	SHPN

### Accounting Standards

IFRS

### Organization

Board of Directors	Dr. Beat Buehlmann (President) Juerg W. Sturzenegger Prof. Dr. Christoph Lengwiler
Chief Executive Officer	Florian Siegfried
Investment Advisor	Horizon21 Private Equity Ltd., Pfaeffikon SZ
Management	Horizon21 Private Equity (Cayman) Ltd., Cayman Islands
Auditors	PricewaterhouseCoopers

### Contact

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