Dear Unitholder,

I am pleased to enclose the Annual Report for the Gresham Private Equity Co-Investment Fund ("the Fund") for the financial year ended 30 June 2010.

While there were encouraging signs of improvement in the Australian economy during the year, significant volatility in global financial markets persisted, contributing to a generally challenging operating environment for the Fund.

Notwithstanding these difficult macroeconomic conditions, the Fund’s performance over the past 12 months was broadly positive with significant initiatives contributing to an uplift in the overall valuation of the portfolio.

As at 30 June 2010, Net Assets Attributable to Unitholders had increased to 94.43 cents per Unit reflecting the last 10 cents per Unit called from Unitholders and a net overall upward movement of the Fund’s investments. The Fund’s Gross Internal Rate of Return on its investments increased to 12.4% per annum.

While market conditions during the year were not conducive to further realisations, Gresham continued to evaluate the options for each of the remaining portfolio companies and anticipates a number of exits will be achieved when market conditions improve.

As the Fund is fully invested, there were no investments made in new portfolio companies during the year. However, some small follow-on investments were made in support of existing investee businesses.

An overview of the business activities of the portfolio companies is set out in this report and as in previous years, we will host a series of investor information meetings during October to provide an update on the Fund’s activities.

Details of the meetings, which will be held in Sydney, Melbourne, Brisbane and Perth have been sent to all Unitholders and are also available on the Gresham Private Equity website.

If you would like to attend, or require additional information regarding the meetings, please do not hesitate to contact Kate Ashton, either by email at kashton@gresham.com.au or by phone on (02) 9221 5133.

Yours faithfully,

James P Graham AM
Chairman
Gresham Funds Management Limited
Dear Unitholder,

Fund Overview and Portfolio Development
Since the inception of the Fund, Gresham Private Equity Limited (“the Manager”) has invested $85.64 million of the Fund’s capital into a portfolio of seven companies, which provides Unitholders with exposure to a broad range of industries in both Australia and New Zealand.

In building this portfolio, the Manager has identified investments which it believes will be responsive to a strategy of active engagement focused on delivering a fundamental transformation in business performance over time.

In 2008 the Fund realised its investment in APPP following the sale of the business to Unicharm Corporation of Japan, generating an Internal Rate of Return of 62% and a multiple of 4.8 times the original capital invested.

The remaining portfolio investments are at different stages of development, but at a whole-of-fund level we remain broadly confident in the prospects for the Fund.

Management Team
As noted above, Gresham is an active manager of the Fund and its portfolio companies, and is extremely focused on identifying talented executives and cohesive, incentivised management teams for each of the investee businesses.

During the year a number of senior executive appointments were made across each of the portfolio companies to strengthen the existing management teams, bringing either new skill sets or demonstrable track records with the aim of improving performance. This will provide a platform for future growth in their respective portfolio companies.

At the Manager level, the Fund’s management team remained stable during the year with no changes in personnel. There were also no changes to the Board or Investment Committee during the period.

Outlook and Strategy
The Manager believes that while macroeconomic conditions in Australia and New Zealand have seen some improvement, the broader turbulence in global financial markets, particularly in the US and Europe, has the potential to impact short-term performance of some of the Fund’s investments and will most likely result in longer holding periods than were originally envisaged.

Conclusion
I am, however, pleased with the progress made by the Fund over the past 12 months. While economic conditions may challenge performance over the short to medium term, I am confident in the strategies being implemented by the management team in our businesses and believe the portfolio is capable of delivering satisfactory returns to Unitholders.

Roy D McKelvie
Managing Director and CEO
Gresham Private Equity Limited
...focused on delivering a fundamental transformation in business performance.
YEAR IN REVIEW

2010 was another challenging year for the New Zealand economy. Like most retailers in the sector, Noel Leeming was impacted by this continuing recession and the associated drop in consumer demand. Despite the generally difficult trading environment, Noel Leeming continued to build its position as New Zealand’s market-leading appliance retailer, and over the year increased its market share from 19% to 23% with sales increasing by 6% year-on-year.

During the year a number of achievements were made across the business. The Company completed a total of 12 store refurbishments, each accompanied by a ‘new look’ promotion that delivered significant sales upside and differentiation in a competitive market. The Company also closed one underperforming store and expanded the space at two stores that have material growth potential.

Further achievements included the re-positioning of the Company’s marketing to become more relevant in the current market; the deployment of improved training and product knowledge modules; the reduction of staff turnover; and a significant increase in supplier terms and support payments. In parallel, the business implemented $6 million of cost reduction initiatives and delivered targeted sales improvement initiatives across all the major product categories.

THE YEAR AHEAD

While the NZ economy continues to be volatile, the Company will continue to build on the gains achieved last year to position for further growth as consumer demand improves.

The Company’s performance in the first quarter of the 2011 financial year has continued the positive trend from last year, with results ahead of budget and market share further strengthening to a very respectable 25%.

Recognising the continued difficult business environment, the management team has built on last year’s successful business improvement program with an extended program of measurable improvement initiatives for FY2011.

Initiatives include specific strategies to grow the three core categories (Television, Computers and Whiteware); adding new growth categories (energy saving products, home security and personal health products); the large store and high volume store optimisation programs; improving margin and inventory management; further store refurbishments; deploying new telephony infrastructure; making supply chain improvements (reverse logistics, repair processes); and improving customer insight.

Many of Noel Leeming’s initiatives have been designed to improve the customer focus of the company and this will remain a critical focus going forward. The predicted continuation of sluggish consumer demand and intense competitor pressures will be offset to some degree by the investments made in the management team, staff training, improvements to the in-store experience, the implementation of the business improvement program, and the leveraging of market share gains to deliver further supplier support.

Together this investment and the continued focus on business optimisation is expected to deliver meaningful sales and profit improvement for the year ahead and build a strong, sustainable platform for the Noel Leeming business to leverage as trading conditions improve.

JOHN JOURNEE
Prior to joining Noel Leeming Group as CEO in early 2009, John ran a consulting business which specialised in global sourcing and supply chain strategies for companies including Hawkins Construction, Meriden Energy and Ezibuy Limited. He previously worked with The Warehouse Group, Network Telecom (UK), Ceramco and Woolworths. John also sits on the Board at Ezibuy and Powershop (a Meridian Energy subsidiary).

…continued focus on business optimisation is expected to deliver meaningful sales and profit improvement for the year ahead…
YEAR IN REVIEW

The economic slowdown experienced during 2009/2010 impacted the printing industry heavily and customers have been slow to change their post GFC marketing commitments and spend. As a result, print industry volumes have been down significantly across all geographies. Pricing has been volatile, with small to medium sized competitors offering aggressive discounts to retain volumes. There has been an increase in the number and size of print businesses going into administration in the last year with approximately one company closing every week. Importantly, the larger Tier 2 print businesses are now being impacted and five large competitors have closed their doors in recent months. The Company considers that this consolidation of the industry will increase over time and prove to be beneficial.

GEON has been successful in securing new contracted clients attracted by its wider service and product offering and superior geographic capabilities. These have added over $40 million per annum to its sales revenue base. The quality of the Company’s revenue base is improving steadily, as both the reliance on traditional print reduces, and the growth in new products and services and the mix of customers under contract increases.

During the year the Company significantly strengthened its strategic positioning through expansion of its product and service offerings. This included the expansion of its Sydney design capabilities and the rollout of design studios to Melbourne and Auckland. GEON’s digital print capabilities were boosted with new equipment across most sites in New Zealand and in the Sydney and Perth operations. Mail capabilities were introduced in Queensland to provide an eastern seaboard facility.

Soft packaging and labelling capabilities were introduced in Tasmania and a new digital label upgrade was made in Christchurch. The response from customers has been extremely positive.

GEON has also improved its technology capabilities through the launch of web products such as Ebooks, as well as rolling out its new print management solutions to more than 60 customers. In addition, new web-based technology has been deployed to improve ordering processes and deliver customers faster quoting and response times.

The Company has been growing market share and during the year successfully established a Canberra sales office, and increased its sales penetration in a number of geographic areas not previously covered. GEON has also been expanding its salesforce and enhancing their capabilities.

The Company continues to leverage its scale, and drive procurement and productivity improvements as it implements lean manufacturing principles across its businesses.

OUTLOOK

GEON expects the difficult market conditions to remain in place during the new financial year with market volumes at best flat. However, the Company expects to grow revenue in the year ahead from new services and products as well as through market share gains. The focus on enhancing its strategic positioning will continue as the business builds on its scale, products and services, geographic footprint and asset base. The management team has recently been restructured with the Australian businesses all now under the common leadership of an Executive General Manager Australia, to further enhance capabilities across the whole region.
Two of the Mimco stores are concessions in department stores and represent the first entry for Mimco into New Zealand.

This year also saw the launch of both the Witchery and the Mimco brands in Singapore, with two stores opening at the tail end of FY2010. While it’s still early days for both stores, the initial trading results are very encouraging and signals significant further potential for the Group in that market.

Witchery has also commenced the rollout of its flagship store strategy with new stores opening at Chadstone, Pitt Street Mall and Bondi Junction. All three stores represent a larger footprint for the brand, which showcases the full range of merchandise and enables those locations to deliver incremental sales, as well as significant incremental contribution through improved rental terms and wage efficiencies.

Finally, 2010 saw the launch of the Witchery Loyalty program. The program launched in March and in the last six months has attracted 180,000 new members. The program represents both an exciting marketing channel for Witchery and a good opportunity to further learn about customers’ behaviour and grow their loyalty to the brand over time.

Iain Nairn
Iain has more than 30 years experience in the retail industry. His previous positions have given him exposure to almost all operational roles within complex brands and retail businesses.

Commencing his career in the UK with Next, Iain has held senior management roles with the Burton Group and River Island, directorships at QS plc and as joint Chief Operating Officer for the Laura Ashley Group globally.

YEAR IN REVIEW
The focus for 2010 was on continuing to grow the Witchery business in a challenging retail environment. The competitiveness of the Australian market, particularly in apparel, resulted in unprecedented levels of discounting across the sector. Witchery, however, delivered both sales and margin growth in this environment, while continuing to fund additional investment in future growth platforms, which is a testament to the strength of the Group’s business model.

Group sales increased by 7%, with continued local and international space and store expansion in both brands, and a focus on the three key growth platforms – WitcheryMan, Mimco Footwear and Mimco UK.

WitcheryMan grew from 14 to 28 stores and has started to become a meaningful contributor to the Group. Mimco Footwear is now available in 50 locations globally and after just 18 months since launch, represents 12% of overall Mimco sales. Mimco UK opened four new stores and overall same store sales grew by 14% over the year, with growth rates accelerating in the last quarter.

In parallel, the rapid growth of the core Witchery Womenswear and Mimco brands continued, with 21 new Witchery stores and 10 Mimco stores opening in Australia and New Zealand.

Overall, the Group continues to be in a strong position to manage trading risk and to be able to capitalise on both organic and acquisitive growth opportunities in this volatile market.

Mimco will open a further 14 sites across Australia, New Zealand, Singapore and the UK. In addition, further line extensions are also underway for Mimco with the first season of sunglasses launching successfully in July.

THE YEAR AHEAD
While market conditions are unlikely to improve significantly over the year ahead, both brands within the Group continue to provide excellent growth potential over the short and long term.

Witchery will continue to expand with a further 19 stores planned for 2011 including five new stores in Singapore. In addition, WitcheryMan is projected to open a further 19 stores and four new flagship locations. FY2011 will also see the launch of an exciting new line extension for the Witchery Group – WitcheryKids. The launch is planned for Q1 with 35 locations already earmarked for rollout in the next few months. The early market feedback on the range has been extremely positive.

... both brands continue to provide excellent growth potential over the short and long term.
NEIL WARBURTON

Neil has been the CEO of Barminco since the Fund’s investment in August 2007. Prior to taking the CEO role, he was the General Manager of Barminco’s Western Australian operations, which account for the majority of Barminco’s earnings. In that role, he was responsible for the Western Australian underground mining operations where he oversaw labour force management, allocation of equipment and inventory, and managed customer relationships.

Prior to joining Barminco in 2001, Neil was Managing Director of Coolgardie Gold, a publicly listed gold producer, and he previously worked for Western Mining Corporation at Kamblada in the 1980s. He has been in the mining industry for over 20 years and qualified as a mining engineer at the West Australian School of Mines.

YEAR IN REVIEW

Barminco demonstrated overall stable performance during FY2010. During the year, management commenced the process of replacing contracts which were lost in FY2009 as a result of softening base metal prices associated with the GFC and consequent site closures. FY2010 saw a recovery in base metal prices, particularly copper and nickel, and ongoing strengthening in the gold price which contributed to increased volumes across most of Barminco’s existing sites.

Additionally, Barminco won several new contracts during the year including the production contract at Ernest Henry (Xstrata Copper-owned Australian copper and gold site), mining at Agnew (Goldfields-owned Australian gold site), diamond drilling at Mponeng (AngloGold Ashanti-owned South African gold site) and mining at Gara (Randgold Resources-owned West African gold site). The Gara contract was won through Barminco’s West African joint venture with Ausdrill, AUMS.

The Government proposed Resource Super Profits Tax caused some delays to the pipeline of new base metal projects during the year (including at Ernest Henry). However, many of the deferred projects will likely be reinitiated during FY2011, now that the tax no longer applies to metaliferous commodities.

THE YEAR AHEAD

Management expects to see improved profits for FY2011 through the full year contribution of new contract wins in FY2010, and through improved margins from AUMS as this business continues to mature.

In relation to new work, Barminco recently appointed a Head of Business Development. His task will be to assist with prioritising and winning the most profitable new projects within existing funding parameters, for FY2011 and beyond.

Management is seeing evidence of increased activity in base metals and is currently awaiting the outcome of three tenders which have been submitted in respect of new domestic mining contracts.

Several new domestic underground sites are also expected to be put out to tender in FY2011 including copper, gold and nickel deposits.

Management is confident that Barminco is well positioned with the mine owners on several of these pipeline projects and the Company will win a meaningful share of any market expansion.

...management is confident that the company is well positioned on several pipeline projects and will win its share of market expansion...
The business continues to explore potential management and marketing service agreements...
JOHN DIXON
John was appointed CEO of Silk Logistics Group in April 2010. He was previously COO/Executive Director of ASX-listed Skilled Group Limited, prior to which he spent over 25 years in the logistics sector in senior executive or executive director roles with Patrick Corporation, Linfox and TNT.

His wealth of experience, exceptional knowledge of the industry and reputation amongst his peers and customers make him the ideal individual to attract the best talent and drive the business forward.

YEAR IN REVIEW
The past year marks the second full year of ownership of Silk Logistics Group. The business has worked hard to weather the economic conditions, which had a material impact on both the international and domestic logistics sector. Container volumes across Silk’s market were down over 15% and the national freight task declined by approximately 8%. Despite this, the impact on Silk was only a 5% decline in revenue and costs were tightly managed. This was a notable achievement in a challenging environment.

The Board of Silk felt, however, that in order to deliver the strategy for Silk and drive the progression towards operational excellence, a change in leadership was required. Accordingly, the decision to seek a new CEO with these skills was taken in January 2010.

John’s first three months at Silk have been very active and productive. He has been able to attract high calibre management into the Group, which will provide the basis to accelerate the operational service delivery and growth of the business.

THE YEAR AHEAD
With market conditions improving, Silk is looking forward to the forthcoming year. The Group is forecasting an uplift in earnings, driven by a new and focused management team, with a drive for business development and service improvements at operational level.

The Group has been restructured into two operating divisions to create better focus and further synergy benefits. Silk will also continue to assess appropriate acquisition opportunities in transport, warehousing, wharf cartage and over-dimensional transportation.

With market conditions improving, Silk is looking forward to the forthcoming year.
...the Fund’s portfolio over the past 12 months was broadly positive with significant initiatives contributing to an uplift in overall valuation...
DIRECTORS' REPORT
The directors of Gresham Funds Management Limited (the “Company”), the Responsible Entity of the Gresham Private Equity Co-Investment Fund (the “Fund”), submit their report together with the financial report of the Fund for the financial year ended 30 June 2010.

DIRECTORS
The following persons held office as directors of the Company during the financial year and since the end of the financial year and up to the date of this report, unless noted otherwise:
James P Graham AM, Chairman
Roy D McKelvie, Managing Director and CEO
Antony G Breuer
Terence J Bowen
Roger S Casey
Richard J B Goyder
Graham J Rich

PRINCIPAL ACTIVITIES
The Fund’s objective is to pursue investments in a wide range of companies predominantly in Australia and New Zealand, in conjunction with the institutional Gresham Private Equity Funds No. 2a and No. 2b. The investments have been in unlisted opportunities. The Fund seeks to exit through trade sales, secondary buy-outs or Initial Public Offerings. There have been no significant changes in the nature of the Fund’s activities.

REVIEW OF OPERATIONS
The Fund has now completed its major investment activity, other than to support Follow-on Investments in existing businesses.
During the year, a Final Call on Unitholders of 10 cents per unit was made, being a total of $10,202,000, and the funds received were largely used to repay the Fund’s loan facility and to provide funds to support Follow-on Investments in existing businesses and meet operating expenses of the Fund.
As at 30 June 2010, Unitholders had invested 95 cents per unit in the Fund and received a cash distribution of 15 cents per unit, resulting in a net cash investment in the Fund of 80 cents per unit. As at 30 June 2010, the net assets of the Fund had an assessed carrying value of 94 cents per unit; however, the ultimate financial outcome will reflect the underlying business and market conditions at the time of investment realisations.
For the financial year ended 30 June 2010, the net operating profit before financing costs attributable to Unitholders was $23,799,592 (2009: net operating loss $21,030,797), reflecting an overall upwards revaluation of the Fund’s investments, offset in part by management, operating and interest expenses of the Fund. The valuation methodology used by the Manager in determining this result is in accordance with Australian and international standards for Private Equity. This methodology reflects the fact that portfolio companies are long-term, illiquid investments. The Manager’s focus is on delivering ultimate capital returns to Unitholders arising from the progressive sale of the underlying portfolio companies over the Fund’s life.
DISTRIBUTIONS
No distributions have been paid or are payable for the year ended 30 June 2010 (2009: $15,303,000).

SIGNIFICANT CHANGES
In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year under review not otherwise disclosed in this report and financial statements.

MATTERS SUBSEQUENT TO BALANCE DATE
Except as disclosed in the financial report, no matters or circumstances have arisen since 30 June 2010 that have significantly affected or may significantly affect:

a) the operations of the Fund in future financial years; or

b) the results of those operations in future financial years; or

c) the state of affairs of the Fund in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS
There are no material changes proposed for the operation of the Fund and its investment philosophy.

VALUE OF ASSETS
The carrying value of the Fund’s net assets attributable to Unitholders at 30 June 2010 was $96,342,153 (2009: $62,340,561) which is derived using the bases set out in Note 1 to the financial statements.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITOR
During the financial year, no insurance premiums were paid out of the Fund in respect of any insurance cover relating to the Responsible Entity or the auditor. So long as the officers of the Responsible Entity act in accordance with the Fund’s Constitution and the law, they will remain fully indemnified out of the assets of the Fund against any losses incurred whilst acting on behalf of the Fund. There is no indemnification of the auditor of the Fund out of the assets of the Fund.

ENVIRONMENTAL REGULATION
The activities of the Fund itself are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

AUDITOR’S INDEPENDENCE DECLARATION
A copy of the Auditor’s Independence Declaration as required under Section 307 of the Corporations Act 2001 is set out on page 13.

This report is made out in accordance with a resolution of the directors.

James P Graham AM
Chairman
Sydney, 28 July 2010

{...focus is on delivering capital returns from the progressive sale of the portfolio companies over the Fund’s life...}
Auditor’s Independence Declaration

As lead auditor for the audit of the Gresham Private Equity Co-Investment Fund for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of the Gresham Private Equity Co-Investment Fund during the period.

S J Hadfield
Partner
PricewaterhouseCoopers

Sydney, 28 July 2010
Statement of comprehensive income
for the year ended 30 June 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**Investment Income/(Loss)**

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>112,324</td>
<td>193,286</td>
</tr>
<tr>
<td>Dividends</td>
<td>569,616</td>
<td>–</td>
</tr>
<tr>
<td>Other income</td>
<td>482,388</td>
<td>3,558,460</td>
</tr>
<tr>
<td>Net gain/(loss) on investments at fair value through profit or loss</td>
<td>25,342,039</td>
<td>(20,849,944)</td>
</tr>
<tr>
<td>Net gain/(loss) on forward currency contracts at fair value through profit or loss</td>
<td>–</td>
<td>(915,715)</td>
</tr>
</tbody>
</table>

**Total investment income/(loss)**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26,506,367</td>
<td>(18,013,913)</td>
</tr>
</tbody>
</table>

**Expenditure**

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration and other expenses</td>
<td>46,295</td>
<td>65,359</td>
</tr>
<tr>
<td>Loan interest and line fee expenses</td>
<td>67,733</td>
<td>227,172</td>
</tr>
<tr>
<td>Responsible Entity’s remuneration</td>
<td>2,592,747</td>
<td>2,724,353</td>
</tr>
</tbody>
</table>

**Total expenditure**

|                                                        | 2,706,775 | 3,016,884 |

**Net operating profit/(loss)**

|                                                        | 23,799,592 | (21,030,797) |

**Financing costs/benefits attributable to Unitholders**

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution expense</td>
<td>5</td>
<td>–</td>
</tr>
<tr>
<td>(Increase)/decrease in net assets attributable to Unitholders</td>
<td>(23,799,592)</td>
<td>27,365,108</td>
</tr>
</tbody>
</table>

**Total comprehensive income**

|                                                        | –     | –     |

The above statement of comprehensive income should be read in conjunction with the accompanying notes.
Balance sheet

as at 30 June 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**Current assets**

Cash 7(b) 3,561,329 488,937

Receivables 381,337 166,193

**Total current assets** 3,942,666 655,130

**Non-current assets**

Financial assets held at fair value through profit or loss 8 95,120,077 68,762,281

**Total non-current assets** 95,120,077 68,762,281

**Total assets** 99,062,743 69,417,411

**Current liabilities**

Accounts payable 1,923,590 826,850

Provisions 15 797,000 –

**Total current liabilities** 2,720,590 826,850

**Non-current liabilities**

Loan facility 9 – 6,250,000

**Total non-current liabilities** – 6,250,000

**Total liabilities excluding net assets attributable to Unitholders** 2,720,590 7,076,850

**Net assets attributable to Unitholders** 6 96,342,153 62,340,561

**Total liabilities** 99,062,743 69,417,411

The above balance sheet should be read in conjunction with the accompanying notes.
Statement of changes in equity
for the year ended 30 June 2010

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total equity at the beginning of the financial year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net profit for the year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total equity at the end of the financial year</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

Under Australian Accounting Standards, net assets attributable to Unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the period.

The above statement of changes in equity should be read in conjunction with the accompanying notes.
# Statement of cash flows

for the year ended 30 June 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of financial assets held at fair value through profit or loss</td>
<td>(218,757)</td>
<td>(8,925,933)</td>
</tr>
<tr>
<td>Disposals of financial assets held at fair value through profit or loss</td>
<td>–</td>
<td>18,114,360</td>
</tr>
<tr>
<td>Interest received</td>
<td>99,559</td>
<td>1,708,659</td>
</tr>
<tr>
<td>Dividends received</td>
<td>569,616</td>
<td>–</td>
</tr>
<tr>
<td>Guarantee fee received</td>
<td>151,722</td>
<td>3,800,000</td>
</tr>
<tr>
<td>Other income received</td>
<td>187,444</td>
<td>272,423</td>
</tr>
<tr>
<td>GST recovered</td>
<td>91,208</td>
<td>378,753</td>
</tr>
<tr>
<td>Payment of borrowing costs</td>
<td>(130,892)</td>
<td>(145,014)</td>
</tr>
<tr>
<td>Payment of management fees and other expenses</td>
<td>(1,629,508)</td>
<td>(4,005,586)</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) from operating activities</strong></td>
<td>7(a)</td>
<td>(879,608)</td>
</tr>
</tbody>
</table>

| **Cash flows from financing activities** |        |        |
| Distribution paid | – | (15,303,000) |
| Proceeds from call on units | 10,202,000 | 15,000 |
| Loan drawdowns | 700,000 | 10,000,000 |
| Loan repayments | (6,950,000) | (5,500,000) |
| **Net cash inflow/(outflow) from financing activities** | 3,952,000 | (10,788,000) |

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase in cash held</td>
<td>3,072,392</td>
<td>409,662</td>
</tr>
<tr>
<td>Cash at the beginning of the financial year</td>
<td>488,937</td>
<td>79,275</td>
</tr>
<tr>
<td><strong>Cash at the end of the financial year</strong></td>
<td>7(b)</td>
<td>3,561,329</td>
</tr>
</tbody>
</table>

The above statement of cash flows should be read in conjunction with the accompanying notes.
BASIS OF PREPARATION
This general purpose financial report for the financial year ended 30 June 2010, for the Gresham Private Equity Co-Investment Fund as an individual entity, has been prepared in accordance with the Fund’s Constitution. The Constitution requires the financial report to be prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group (UIG) Consensus Views and the Corporations Act 2001. The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments held at fair value with changes in fair value recognised through the statement of comprehensive income.

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies adopted are consistent with the prior year unless otherwise stated.

VALUATION OF FINANCIAL ASSETS AND LIABILITIES HELD AT FAIR VALUE
The Fund has designated all of its investments as at fair value through profit or loss (refer below in relation to forward currency contracts). Individual investments may take the form of a combination of equities and loans and are managed as a single investment. These investments are initially recognised on the date the Fund becomes party to the contractual agreement at fair value, typically represented by cost. Investments are valued at their net fair value as at reporting date. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the statement of comprehensive income in the period in which they arise. Investments are valued in line with industry practice using appropriate valuation techniques as reasonably determined by the Responsible Entity and which reflect market conditions as at the reporting date. However, given the continuing financial markets’ volatility and economic conditions, future valuations may be similarly volatile.

FORWARD CURRENCY CONTRACTS
The Fund’s only derivative financial instruments would relate to forward currency contracts. The Fund may hold these forward currency contracts in order to economically hedge up to 80% of its foreign currency investment exposure. However, for accounting purposes, the Fund does not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are recognised at fair value on the date on which a contract is entered into and subsequently re-measured at their fair value using the prevailing bid price at the reporting date. The Fund recognises a gain or loss through the statement of comprehensive income equal to the change in fair value at the reporting date.

CASH
Cash includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with maturities of three months or less, net of bank overdrafts, if any.

Payments and receipts relating to the purchase and sale of investments are classified as cash flows from operating activities, as movements in the fair value of these investments represent the Fund’s main income generating activity.

INVESTMENT INCOME AND EXPENSES
Interest income and expenses are recognised in the statement of comprehensive income for all debt instruments using the effective interest method. Dividends from companies are recorded as income when the Fund’s right to receive payment is established. Other investment income and expenses are brought to account on an accruals basis.

DISTRIBUTION EXPENSE AND CHANGES IN NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS
The Fund makes distributions in accordance with the Fund’s Constitution. The taxable and tax-free component of distributions is recognised in the statement of comprehensive income as a distribution expense within financing costs. The difference between the distributions made and the taxable and tax-free component of these distributions is recognised as a return of capital within net assets attributable to Unitholders. Income and expenses which are respectively not taxable or not deductible and do not form part of the taxable component of distributions are recognised in the statement of comprehensive income as changes in net assets attributable to Unitholders within financing costs.

RESPONSIBLE ENTITY’S REMUNERATION
The Responsible Entity’s remuneration has been calculated in accordance with the Fund’s Constitution.
FOREIGN CURRENCY TRANSACTIONS
Items included in the Fund’s financial statements are measured using the currency of the primary economic environment in which it operates (the functional currency). This is the Australian dollar, which is the currency of the economy in which the Fund competes for capital and is regulated. The Australian dollar is also the Fund’s presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. The Fund does not isolate that portion of gains or losses on securities and derivative financial instruments which is due to changes in foreign exchange rates from that due to changes in the fair value of such securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

COMPARATIVE PERIOD
Comparative information is reclassified where appropriate to enhance comparability.

RECEIVABLES
Receivables may include amounts for dividends, interest and securities sold where settlement has not yet occurred. Amounts are generally received within 30 days of being recorded as receivables, with the exception of interest on certain non-current investments.

ACCOUNTS PAYABLE
Accounts payable represent liabilities for amounts owing by the Fund at year end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

BORROWINGS
Borrowings are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

GOODS AND SERVICES TAX (GST)
The Fund qualifies for Reduced Input Tax Credits at a rate of 75%. Investment management fees and other expenses have been recognised in the statement of comprehensive income inclusive of the amount of GST not recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Accounts payable are inclusive of GST. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

ISSUE DATE
The financial statements were authorised for issue by the directors on 28 July 2010. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

NOTE 2. TAXATION
Under current legislation, the Fund would not be liable to income tax to the extent that the income of the Fund is distributed in full to Unitholders.

NOTE 3. LIFE OF FUND
The Fund was registered on 29 June 2004 under a Constitution dated 28 June 2004 and shall terminate on the earliest to occur of:

a) unless previously extended or determined, 30 June 2015; and

b) the date on which the Fund is terminated by law.
### NOTE 4. OTHER INCOME

<table>
<thead>
<tr>
<th>Note</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction and advisory fees</td>
<td>158,202</td>
<td>190,025</td>
</tr>
<tr>
<td>Guarantee fee income</td>
<td>247,921</td>
<td>3,268,416</td>
</tr>
<tr>
<td>Other income</td>
<td>76,265</td>
<td>100,019</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>482,388</strong></td>
<td><strong>3,558,460</strong></td>
</tr>
</tbody>
</table>

### NOTE 5. DISTRIBUTIONS

Distributions paid comprise:

- Distribution expense – nil cents per unit (2009: 6.21 cents per unit) – 6,334,311
- Return of capital – nil cents per unit (2009: 8.79 cents per unit) 6 – 8,968,689

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>15,303,000</td>
<td></td>
</tr>
</tbody>
</table>

### NOTE 6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Net assets attributable to Unitholders comprises:

- Ordinary units 6(a) 84,307,601 74,105,601
- Sponsor units 6(b) 500 500
- Cumulative changes in net assets attributable to Unitholders transferred from statement of comprehensive income 6(c) 12,034,052 (11,765,540)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>96,342,153</td>
<td>62,340,561</td>
</tr>
</tbody>
</table>

### MOVEMENTS IN THE COMPONENTS OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS ARE AS FOLLOWS:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Ordinary units (refer below)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance – 1 July</td>
<td>102,020,000</td>
<td>102,020,000</td>
<td>74,105,601</td>
<td>83,074,290</td>
</tr>
<tr>
<td>Capital called</td>
<td>–</td>
<td>–</td>
<td>10,202,000</td>
<td>–</td>
</tr>
<tr>
<td>Capital returned</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(8,968,689)</td>
</tr>
<tr>
<td>Closing balance – 30 June</td>
<td>102,020,000</td>
<td>102,020,000</td>
<td>84,307,601</td>
<td>74,105,601</td>
</tr>
</tbody>
</table>

As stipulated in the Fund’s Constitution, each ordinary unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. Calls are made in accordance with the Constitution.

b) Sponsor units (refer below) 500,000 500,000 500 500

As stipulated in the Fund’s Constitution, sponsor units, which are held by the Manager of the Fund, Gresham Private Equity Limited, a related body corporate of the Responsible Entity, carry an entitlement to a share of any sponsor’s unit distributions of the Fund. The sponsor’s unit distributions are payable out of the proceeds of realised investments of the Fund. The distribution is calculated each time an investment is realised by the Fund. Ordinary Unitholders are entitled to a return equal to the Relevant Outflows of the Fund plus a preferred 8% per annum in respect of the Relevant Inflows and Relevant Outflows before any sponsor’s unit distribution becomes payable. Subject to this priority return for ordinary Unitholders, the sponsor’s unit distribution (if any) payable when investments are realised will generally be 20% of the profit, net of certain expenses, achieved. If the Fund’s assets were realised at their estimated fair value at balance date, the resultant sponsor’s unit distribution entitlement would be $nil (2009: $nil).
NOTE 6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

c) Cumulative changes in net assets attributable to Unitholders transferred from the statement of comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance – 1 July</td>
<td>(11,765,540)</td>
<td>15,599,568</td>
</tr>
<tr>
<td>Movement in net assets attributable to Unitholders transferred from the statement of comprehensive income</td>
<td>23,799,592</td>
<td>(27,365,108)</td>
</tr>
<tr>
<td>Closing balance – 30 June</td>
<td>12,034,052</td>
<td>(11,765,540)</td>
</tr>
</tbody>
</table>

NOTE 7. RECONCILIATION OF NET PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

a) Reconciliation of net profit to net cash inflow/(outflow) from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit for the year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net operating profit/(loss)</td>
<td>23,799,592</td>
<td>(21,030,797)</td>
</tr>
<tr>
<td>Change in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase)/decrease in investments</td>
<td>(26,357,796)</td>
<td>32,998,730</td>
</tr>
<tr>
<td>(Increase)/decrease in receivables</td>
<td>(215,144)</td>
<td>3,624</td>
</tr>
<tr>
<td>Increase/(decrease) in accounts payable and provisions</td>
<td>1,893,740</td>
<td>(773,895)</td>
</tr>
<tr>
<td>Net cash inflow/(outflow) from operating activities</td>
<td>(879,608)</td>
<td>11,197,662</td>
</tr>
</tbody>
</table>

b) Components of cash

Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the balance sheet as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>3,561,329</td>
<td>438,917</td>
</tr>
</tbody>
</table>

NOTE 8. FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>95,120,077</td>
<td>68,762,281</td>
</tr>
</tbody>
</table>

An overview of the risk exposures relating to financial instruments at fair value through profit or loss is included in note 11.

NOTE 9. BORROWING/FINANCING FACILITIES

Following receipt of funds from the Final Call on Unitholders, the Fund repaid its variable interest bank loan facility and the facility was consequently cancelled on 15 September 2009.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total bank loan facility</td>
<td>–</td>
<td>12,000,000</td>
</tr>
<tr>
<td>Used at balance date</td>
<td>–</td>
<td>(6,250,000)</td>
</tr>
<tr>
<td>Unused at balance date</td>
<td>–</td>
<td>5,750,000</td>
</tr>
</tbody>
</table>
**NOTE 10. REDEMPTION ARRANGEMENT**
The Responsible Entity has no obligation in the Constitution to repurchase units or redeem units issued under the Fund’s Constitution.

**NOTE 11. FINANCIAL INSTRUMENTS**
The Fund’s activities expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund’s overall risk management program which is carried out by the Manager, focuses on ensuring compliance with the Constitution and seeks to maximise the returns derived for the level of risk to which the Fund is exposed.

**PRICE RISK**
Investments are valued in line with industry practice using appropriate valuation techniques as reasonably determined by the Manager. These techniques include the application of relevant earnings multiples based on earnings multiples for comparable listed entities with an allowance for a liquidity discount due to the investments being unlisted, applied to forecast earnings before interest, tax, depreciation and amortisation. The determination of the values of the relevant inputs to be applied is a matter of professional judgement. The key inputs relate to earnings and earnings multiples, and if either of these were 5% higher or 5% lower, the value of the Fund’s investments would be $8.8 million higher and $9.5 million lower respectively (30 June 2009: $7.5 million higher and $7.7 million lower respectively).

The Manager mitigates price risk by generally limiting the Fund’s exposure to an investment in a single entity to 20% of committed capital, such limit being able to be increased with the approval of the Policy Committee on a case by case basis, and by careful selection of prospective investment opportunities.

**FOREIGN CURRENCY EXCHANGE RATE RISK**
The Fund is exposed to foreign currency exchange rate risk arising from its investments in financial instruments denominated in foreign currencies.

The Fund may hold forward currency contracts in order to economically hedge up to 80% of its foreign currency investment exposure. At the balance date, no forward contracts were held and hence there was no economic hedging of the Fund’s foreign currency exposure (2009: there was no economic hedging of the Fund’s foreign currency exposure). For accounting purposes, the Fund does not designate any derivatives as hedges in a hedging relationship, and hence these derivative financial instruments are recognised at fair value on the date on which a contract is entered into and subsequently re-measured at their fair value using the prevailing bid price at the reporting date. The Fund recognises a gain or loss through the statement of comprehensive income equal to the change in fair value at the reporting date.

At 30 June 2010, the Fund’s exposure to foreign exchange rate movements arising from its international investments and forward currency contracts was as follows (Australian dollars are included for the purpose of reconciliation to the balance sheet):

<table>
<thead>
<tr>
<th></th>
<th>NZD</th>
<th>AUD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>– 3,561,329</td>
<td>3,561,329</td>
<td>3,561,329</td>
</tr>
<tr>
<td>Receivables</td>
<td>5,123</td>
<td>376,214</td>
<td>381,337</td>
</tr>
<tr>
<td>Financial assets held at fair value through profit or loss</td>
<td>4,321,257</td>
<td>90,798,820</td>
<td>95,120,077</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>– (1,923,590)</td>
<td>(1,923,590)</td>
<td>(1,923,590)</td>
</tr>
<tr>
<td>Provisions</td>
<td>– (797,000)</td>
<td>(797,000)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,326,380</td>
<td>92,015,773</td>
<td>96,342,153</td>
</tr>
</tbody>
</table>

Increase/(decrease) in exposure from forward currency contracts

Total foreign currency exposure

<table>
<thead>
<tr>
<th></th>
<th>NZD</th>
<th>AUD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,326,380</td>
<td>92,015,773</td>
<td>96,342,153</td>
</tr>
</tbody>
</table>
NOTE 11. FINANCIAL INSTRUMENTS (CONTINUED)

FOREIGN CURRENCY EXCHANGE RATE RISK (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th>NZD</th>
<th>AUD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2009</td>
<td>A$</td>
<td>A$</td>
<td>A$</td>
</tr>
<tr>
<td>Cash</td>
<td>–</td>
<td>488,937</td>
<td>488,937</td>
</tr>
<tr>
<td>Receivables</td>
<td>–</td>
<td>166,193</td>
<td>166,193</td>
</tr>
<tr>
<td>Financial assets held at fair value through profit or loss</td>
<td>1,547,157</td>
<td>67,215,124</td>
<td>68,762,281</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>–</td>
<td>(826,850)</td>
<td>(826,850)</td>
</tr>
<tr>
<td>Loan facility</td>
<td>–</td>
<td>(6,250,000)</td>
<td>(6,250,000)</td>
</tr>
<tr>
<td></td>
<td>1,547,157</td>
<td>60,793,404</td>
<td>62,340,561</td>
</tr>
</tbody>
</table>

Increase/(decrease) in exposure from forward currency contracts

<table>
<thead>
<tr>
<th></th>
<th>NZD</th>
<th>AUD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total foreign currency exposure</td>
<td>1,547,157</td>
<td>60,793,404</td>
<td>62,340,561</td>
</tr>
</tbody>
</table>

INTEREST RATE RISK

Interest rate risk includes cash flow interest rate risk on financial instruments with variable interest rates as well as interest rate risk on the value of financial instruments with fixed interest rates, which will fluctuate due to changes in market interest rates. The Fund does not have any significant exposure to interest rate risk.

LIQUIDITY RISK

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. In order to mitigate this risk, the Responsible Entity has agreed that payment of its remuneration accruing from 1 July 2009 be deferred and paid from cash received by the Fund from investment income and/or proceeds from realisations of investments. The Fund manages its net assets attributable to Unitholders as capital, notwithstanding net assets attributable to Unitholders are classified as a liability. Settlement of this liability is dependent on realisation of assets, with the net proceeds from such realisations being distributed to Unitholders as soon as practicable in accordance with the Constitution.

CREDIT RISK

Credit risk is the risk that a counterparty will fail to perform obligations under a contract. The Fund enters into investments which may take the form of a combination of equities and loans which are managed as a single investment. Credit risk arises in relation to the investment in these loans. Investments, including loans, are valued at their net fair value at the reporting date. The maximum exposure to credit risk in these loans at the reporting date is approximately $4.3 million (2009: $1.5 million).

NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AND FAIR TRADE HIERARCHY

The carrying value of the Fund’s financial assets and liabilities included in the balance sheet approximates their fair value.

The Fund has adopted the amendments to AASB 7, effective 1 July 2009, and accordingly, no comparatives are presented. This requires the Fund to classify fair value measurements using a fair value hierarchy that, in descending order, reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The determination of what constitutes ‘observable’ requires significant judgement by the Responsible Entity. The Responsible Entity considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant markets.
NET FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES AND FAIR VALUE HIERARCHY (CONTINUED)
The level which is applied in the fair value hierarchy is determined by reference to the lowest level category which describes the basis of valuation for each asset which is being fair valued.
The Responsible Entity has determined that all of the Fund’s financial assets held at fair value through the profit or loss are classified at level 3. They are valued using appropriate valuation techniques including the application of relevant earnings multiples based on earnings multiples for comparable listed entities, with an allowance for a liquidity discount due to the investments being unlisted, applied to forecast earnings before interest, tax, depreciation and amortisation.
The effect of changes to key inputs of the valuation is disclosed in the price risk section of this note 11.
There have been no transfers in or out between levels for the year ended 30 June 2010.
The following table presents the movement in level 3 instruments.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance – 1 July</td>
<td>68,762,281</td>
</tr>
<tr>
<td>Additions</td>
<td>1,015,757</td>
</tr>
<tr>
<td>Net gains recognised in profit or loss</td>
<td>25,342,039</td>
</tr>
<tr>
<td>Closing balance – 30 June</td>
<td>95,120,077</td>
</tr>
</tbody>
</table>

All net gains in the table above are included in the statement of comprehensive income for the financial assets and liabilities held at the end of the year.

NOTE 12. RELATED PARTIES
The Responsible Entity of the Fund is Gresham Funds Management Limited, which is incorporated and domiciled in Australia.
The registered office and principal place of business is:

Level 17
167 Macquarie Street
Sydney NSW 2000

KEY MANAGEMENT PERSONNEL
Key management personnel, who comprise the directors of the Responsible Entity during the financial year, were as follows:

James P Graham AM, Chairman
Roy D McKelvie, Managing Director and CEO
Antony G Breuer
Terence J Bowen
Roger S Casey
Richard J B Goyder
Graham J Rich

Transactions with related parties are set out below:

Responsible Entity’s remuneration paid or payable in accordance with the Constitution:
Notes to and forming part of the financial statements
for the year ended 30 June 2010 (continued)

NOTE 12. RELATED PARTIES (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management fees</td>
<td>1,993,691</td>
<td>2,103,472</td>
</tr>
<tr>
<td>Service fees</td>
<td>519,955</td>
<td>525,868</td>
</tr>
<tr>
<td>Share of transaction and advisory fees</td>
<td>79,101</td>
<td>95,013</td>
</tr>
<tr>
<td></td>
<td><strong>2,592,747</strong></td>
<td><strong>2,724,353</strong></td>
</tr>
</tbody>
</table>

Payments made by the Fund to the Responsible Entity do not include any amounts directly attributable to key management personnel remuneration.

Balances with related parties:
The aggregate amounts payable to related parties by the Fund at balance date comprise:

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible Entity</td>
<td>1,891,093</td>
<td>730,891</td>
</tr>
</tbody>
</table>

The number of units held in the Fund by a related body corporate of the Responsible Entity as at the date of this report is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010 Number</th>
<th>2009 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor units</td>
<td>500,000</td>
<td>500,000</td>
</tr>
</tbody>
</table>

NOTE 13. AUDITOR’S REMUNERATION

<table>
<thead>
<tr>
<th></th>
<th>2010 $</th>
<th>2009 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditing the financial statements</td>
<td>23,000</td>
<td>22,300</td>
</tr>
<tr>
<td>Other services</td>
<td>8,500</td>
<td>10,500</td>
</tr>
<tr>
<td></td>
<td><strong>31,500</strong></td>
<td><strong>32,800</strong></td>
</tr>
</tbody>
</table>

In addition, the auditor’s remuneration in relation to the Fund’s half-year audit review, Compliance Plan audit and other expenses totalling $45,600 (2009: $52,800) have been borne by the Responsible Entity.

NOTE 14. CAPITAL COMMITMENTS

As at 30 June 2010, the Fund had no capital commitments (30 June 2009: $0.2 million).

NOTE 15. CONTINGENT LIABILITIES, CONTINGENT COMMITMENTS AND PROVISIONS

The Fund has provided a several guarantee and indemnity to the bank lender to one of the Fund’s portfolio companies for an amount of $2,585,400 (30 June 2009: $nil) in relation to that portfolio company’s working capital facility. If the guarantee were enforced by the bank lender to the portfolio company, this amount would become payable by the Fund to the portfolio company by way of an additional investment by the Fund in that portfolio company. After assessing the probability of the guarantee and indemnity being enforced, at 30 June 2010 the Fund has provided for $797,000 (30 June 2009: $nil), being an amount reflecting its proportion of the working capital facility that had been drawn down by that portfolio company as at 30 June 2010; and recognised the corresponding investment.

Other than the above, no other contingent commitments have arisen in or subsequent to the year ended 30 June 2010.

NOTE 16. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant events have occurred since balance date which would impact on the financial position of the Fund disclosed in the balance sheet as at 30 June 2010 or on the results and cash flows of the Fund for the year ended on that date.
In the Directors’ opinion:

a) the financial statements and notes set out on pages 14 to 25 are in accordance with the Corporations Act 2001, including:

i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

ii) giving a true and fair view of the Fund’s financial position as at 30 June 2010 and of its performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

The summary of significant accounting policies confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

James P Graham AM
Director
Sydney, 28 July 2010
Report on the financial report
We have audited the accompanying financial report of the Gresham Private Equity Co-Investment Fund (the “Fund”), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors’ declaration.

Directors’ responsibility for the financial report
The directors of Gresham Funds Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor’s responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor’s opinion
In our opinion:

a) the financial report of the Gresham Private Equity Co-Investment Fund is in accordance with the Corporations Act 2001, including:
   - giving a true and fair view of the Fund’s financial position as at 30 June 2010 and of its performance for the year ended on that date; and
   - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

PricewaterhouseCoopers

S J Hadfield
Partner

Sydney, 28 July 2010
Directory

RESPONSIBLE ENTITY
GRESHAM FUNDS MANAGEMENT LIMITED
ABN 32 109 020 153
AFSL 276368
Registered Office:
Level 17, 167 Macquarie Street
Sydney NSW 2000 Australia
Telephone: 61 2 9221 5133
Facsimile: 61 2 9223 9072

MANAGER
GRESHAM PRIVATE EQUITY LIMITED
ABN 86 084 509 946
AFSL 247102
Registered Office:
Level 17, 167 Macquarie Street
Sydney NSW 2000 Australia
Telephone: 61 2 9221 5133
Facsimile: 61 2 9223 9072

DIRECTORS OF RESPONSIBLE ENTITY
James P Graham AM, Chairman
Roy D McKelvie, Managing Director and CEO
Roger S Casey
Antony G Breuer
Terry J Bowen
Richard J B Goyder
Graham J Rich

SPONSORING BROKERS
GOLDMAN SACHS JBWere
Level 42, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000 Australia

ABN AMRO MORGANS
Level 29, Riverside Centre
123 Eagle Street
Brisbane QLD 4000 Australia

MACQUARIE EQUITIES
Level 7, 1 Shelley Street
Sydney NSW 2000 Australia

ORD MINNETT
Level 8, NAB House
255 George Street
Sydney NSW 2000 Australia

SOLICITORS
FREEHILLS
Level 32, MLC Centre
19 Martin Place
Sydney NSW 2000 Australia

TAX ADVISOR
PRICEWATERHOUSECOOPERS
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000 Australia

AUDITOR
PRICEWATERHOUSECOOPERS
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000 Australia

CUSTODIAN
PERPETUAL CORPORATE TRUST LIMITED
ABN 99 000 341 533
Level 12, 123 Pitt Street
Sydney NSW 2000 Australia

REGISTRY
COMPUTERSHARE INVESTOR SERVICES PTY LTD
Level 3, 60 Carrington Street
Sydney NSW 2000 Australia
Within Australia: 1300 855 080
Outside Australia: 61 3 9415 4000
Facsimile: 61 2 8235 8150

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Gresham Private Equity.