CONVERSUS CAPITAL, L.P.
(Liquidation Basis of Accounting)

ANNUAL FINANCIAL REPORT

For the year ended 31 December 2012

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CONVERSUS AT A GLANCE

The Company	Conversus Capital, L.P. *
	• Guernsey Limited Partnership • Listed on NYSE Euronext in Amsterdam • Symbol: CCAP • 65,086,212 units outstanding as of 31 December 2012 • Website: www.conversus.com
	*Conversus Capital, L.P. is an authorised closed-ended investment scheme for Guernsey regulatory purposes. Conversus Capital, L.P. is registered with the Netherlands Authority for the Financial Markets as a collective investment scheme which may offer participation rights in the Netherlands pursuant to article 2:66 of the Financial Market Supervision Act (Wet op het financieel toezicht).

Key Metrics ($ and units outstanding in 000s except per unit data)	**As of 31 Dec 2012**	**As of 31 Dec 2011**
Net Asset Value	$ 106,021	$ 1,736,676
Units Outstanding	65,086	64,603
Net Asset Value per Unit	$ 1.63	$ 26.88
Unit Price [(1)]	$ 1.09	$ 19.96
Investment NAV	$ 11,734	$ 1,725,162
Unfunded Commitments	$ 114	$ 402,124
Cash and Cash Equivalents	$ 1,165,303	$ 82,573
Accrued Liquidation Expense Liability	$ 28,280	$ -

[(1)] For comparison purposes, the unit price as of 31 Dec 2012 is the last market quote less the unit holder distribution declared of $19.11 per unit.

NOTE ON NAMING AND OTHER CONVENTIONS

Conversus Capital, L.P. ("Conversus LP") historically made all of its investments through Conversus Investment Partnership, L.P. ("Investment Partnership"), a Guernsey limited partnership, and its subsidiaries. Conversus LP, the Investment Partnership and the Investment Partnership's subsidiaries are collectively referred to as "Conversus." Where we use the terms "we," "ours," "us" and other such terms, we refer to Conversus.

Conversus GP, Limited, a Guernsey limited company, is referred to as "Conversus GP," and serves as the general partner of Conversus LP.

The estimated net asset value ("NAV") of Conversus includes all net balance sheet items of Conversus.

All amounts set forth in this report are in thousands, unless otherwise noted, except for per unit data. All dollar amounts are in U.S. dollars.

BUSINESS OVERVIEW

On 2 July 2012, Conversus executed a definitive agreement (the "Purchase Agreement") with HarbourVest Structured Solutions II, L.P. ("HSS") whereby HSS agreed to acquire the Investment Partnership subsidiaries that hold Conversus' investments. On 31 December 2012, Conversus completed the sale of the Investment Partnership subsidiaries to HSS (the "Transaction"). Pursuant to the Purchase Agreement, HSS agreed to acquire Conversus' private equity fund interests and direct co-investments for $1,439.1 million, as adjusted for capital calls and distributions subsequent to 30 April 2012 and through 30 November 2012. During that period, capital calls were $59.4 million and distributions were $252.3 million, resulting in a final adjusted purchase price as of 31 December 2012 of $1,243.8 million, or $19.11 per unit. One private equity fund with an estimated value of $2.4 million as of 30 April was excluded from the sale to HSS due to a right of first refusal that was exercised by a third party. HSS also assumed the unfunded commitments of the private equity fund interests it purchased. HSS did not acquire Conversus' directly held public equity securities or net cash.

Subject to certain legal restrictions and a cap on total participation, in lieu of receiving consideration in cash, qualifying Conversus unit holders were able to elect to maintain their exposure to the portfolio being sold to HSS by receiving limited partnership interests in HSS.

On 31 December 2012, Conversus declared a cash distribution of the cash proceeds from the Transaction totaling $1,042.7 million, or $19.11 per unit. The distribution was paid on 14 January 2013 to unit holders of record as of 7 January 2013 who did not elect to rollover their investment into limited partnership interests of HSS. Unit holders that made valid elections to receive limited partnership interests of HSS received an in-kind distribution of such limited partnership interests on 31 December 2012 representing $201.1 million, or $19.11 per unit.

On or about 30 April 2013, Conversus expects to appoint a liquidator to manage the wind down of Conversus' remaining entities. Conversus will cease to exist upon the completion of a liquidation period which could last up to eighteen months beyond the appointment date ("Liquidation Period").

Following the appointment of a liquidator, Conversus expects its license to operate as an authorized closed end scheme for Guernsey purposes will be withdrawn and that it will cease to be registered as a collective investment scheme permitted to offer participation rights in the Netherlands pursuant to article 2:66 of the Financial Market Supervision Act (*Wet op het financieel toezicht*).

On 2 July 2012, Conversus signed a definitive agreement to acquire Conversus Asset Management, LLC ("CAM") and Conversus Participation Company, LLC ("CPC") for $42.5 million, less net liabilities assumed (the "CAM/CPC Transaction"). On 20 July 2012, Conversus completed the CAM/CPC Transaction. Per the terms of the Purchase Agreement, HSS reimbursed Conversus for $25.0 million of the purchase price for the CAM/CPC Transaction.

CAM continues to act as Conversus' investment manager pursuant to an amended services agreement and an amended limited partnership agreement of the Investment Partnership that reflect the new ownership of CAM and CPC. The amended services agreement and limited partnership agreement provide that after 30 June 2012, CAM receives no administrative fee, management fee or contingent profits interest and CPC receives no performance fees in connection with the services provided under the services agreement.

CPC owns all Class B limited partner interests in the Investment Partnership. CPC has no operations and is the vehicle through which its owners received performance fees from the Investment Partnership prior to the amendment of the limited partnership agreement. The Class C limited partner interests in the Investment Partnership are owned by CAM. These interests entitled CAM to receive the profits interest portion of the management fee for periods prior to 30 June 2012.

LIQUIDATION EXPENSES

In accordance with the liquidation basis of accounting Conversus adopted as of 30 June 2012, an accrued liquidation expense liability has been established which includes all operating expenses for Conversus through final liquidation. To estimate operating expenses, Conversus has evaluated its operational needs, considered regulatory requirements and assessed resources necessary to manage Conversus to final liquidation. The estimates require assumptions about matters that are inherently uncertain, and actual costs may differ materially from those estimates. As of 31 December 2012, the accrued liquidation expense liability was $28.3 million.

The table below summarizes the change in the accrued liquidation expense liability for the six months ended 31 December 2012.

Summary of Accrued Liquidation Expense Liability
(US$ in thousands)

	As of 30 Jun 12	Net Additional Accruals	Payments	As of 31 Dec 2012
Net CAM and CPC Purchase Price	$ 38,758	$ -	$ (38,758)	$ -
HSS Reimbursement for CAM/CPC Transaction	(25,000)	-	25,000	-
Professional Service Fees	25,794	1,919	(10,289)	17,424
Personnel Expenses	17,573	3,056	(12,013)	8,616
Other Expenses	11,411	2,063	(11,234)	2,240
Total Accrued Liquidation Expenses	$ 68,536	$ 7,038	$ (47,294)	$ 28,280

- On 20 July 2012 Conversus purchased CAM and CPC for $42.5 million, less net assumed liabilities of $3.7 million, for a net purchase price of $38.8 million. Conversus intends to dissolve CAM and CPC at or prior to the final liquidation of Conversus.
- In accordance with the Purchase Agreement, HSS reimbursed Conversus for $25.0 million of the purchase price of CAM and CPC.
- Professional service fees include advisory, legal, tax, audit and other fees related to the Purchase Agreement, the transfer of assets to HSS, the CAM/CPC Transaction and the ongoing operations of Conversus through final liquidation.
- Personnel expenses include compensation, benefits, severance and retention costs for Conversus personnel.
- Other expenses include taxes, public company costs and miscellaneous expenses.

PUBLIC EQUITY SECURITIES

The table below lists directly held public equity securities as of 31 December 2012.

Public Equity Securities		
		Investment NAV
1	Whole Foods Market	$ 5,919
2	Virtusa	1,171
3	Guidewire Software	1,081
4	KKR & Co	1,064
5	Imperva	524
6	Select Medical Holdings	448
7	NB Private Equity Partners	423
8	HomeAway	314
9	AtriCure	108
10	Responsys	104
11	Acadia Pharmaceuticals	91
	Total Directly Held Public Equity Securities	$ 11,247

LIQUIDITY

As of 31 December 2012, Conversus had a cash balance of $1,165.3 million and liabilities of $1,070.9 million. Cash proceeds of $1,042.7 million received from the Transaction pursuant to the Purchase Agreement were distributed to unit holders on 14 January 2013. Excluding this distribution which was declared on 31 December 2012, Conversus had $122.6 million in cash, $11.2 million in directly held public equity securities and $28.3 million in liabilities as of 31 December 2012.

UNIT HOLDER DISTRIBUTIONS

During the year ended 31 December 2012, Conversus paid cash distributions to unit holders totaling $133.3 million or $2.05 per unit.

On 31 December 2012, Conversus declared a cash distribution of the cash proceeds from the Transaction of $1,042.7 million, or $19.11 per unit. The distribution was paid on 14 January 2013 to unit holders of record as of 7 January 2013 who did not elect to receive limited partnership interests of HSS.

On 31 December 2012, for unit holders that made valid elections to receive limited partnership interests of HSS, Conversus made an in-kind distribution of limited partnership interests of HSS totaling $201.1 million, or $19.11 per unit.

On 19 February 2013, Conversus paid a cash distribution of $1.00 per unit, or $65.1 million in aggregate, to unit holders of record as of 13 February 2013.

No assurances can be given as to exactly when future unit holder distributions will be paid or the amount of the distributions. Upon completion of a liquidation period, Conversus will make a liquidating distribution in accordance with Guernsey law.

Since Conversus may not be able to provide complete information about the tax status of its investors to the Investment Partnership and to preserve the fungibility of its partnership's common units, dividends, interest or certain other amounts (generally not including capital gains) from U.S. sources may be subject to U.S. withholding tax (except in the case of holders of RDUs that provide appropriate certifications).

RDUs represent ownership interests in Conversus LP's common units that are on deposit with the Bank of New York, as depository, under a restricted deposit agreement among Conversus LP, the depository and all registered holders and beneficial owners from time to time of the restricted depository receipts which are security certificates that evidence ownership of RDUs.

FORWARD-LOOKING STATEMENTS AND CERTAIN RISKS

This report contains certain forward-looking statements and an investment in Conversus involves certain risks. In some cases, forward-looking statements can be identified by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will" and "would," or the negative of those terms or other comparable terminology. Forward-looking statements speak only as of the date of the document in which they are made and include statements relating to expectations, beliefs, forecasts, projections (which may include statements regarding future economic performance, and the financial condition, results of operations, liquidity, cash flows, investments, business, net asset value and prospects of Conversus), future plans and strategies and anticipated results thereof, anticipated events or trends and similar matters that are not historical facts.

By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future, and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Factors that could cause actual results to vary from our forward-looking statements and other risks and uncertainties to which Conversus is subject include, but are not limited to, the following:

- the actual level of our operating costs relative to the estimates used to accrue our liquidation expenses;
- changes in our financial condition, liquidity, cash flows and ability to meet our funding needs and satisfy our contractual obligations;
- the actual timing and amount of cash distributions to unit holders;
- our units are non-voting securities;
- securities market conditions (including changes to applicable regulations, investor sentiment, and the trading price, discount to NAV, liquidity and volatility of our units);
- competitive conditions;
- international, national and regional political conditions (including potential regulatory and tax reform); and
- the risks, uncertainties and other factors discussed elsewhere in this report (including, but not limited to, the combined financial statements) and in the filings made with the AFM available on the Conversus website (www.conversus.com).

The foregoing is not a comprehensive list of the risks and uncertainties to which we are subject. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statements to reflect any change in our expectations, or any changes in events, conditions or circumstances on which any forward-looking statement is based. In light of these risks, uncertainties and assumptions, the events described by our forward-looking statements might not occur. We qualify any and all of our forward-looking statements by these cautionary factors.

STATEMENT OF RESPONSIBILITY

Substantially all Conversus' investments have been made through the Investment Partnership and its subsidiaries. Therefore, in order to present meaningful financial statements, the accounts of Conversus LP and the Investment Partnership have been combined as permitted under U.S. GAAP. All material balances between Conversus LP and the Investment Partnership have been eliminated.

We prepare combined financial statements on an annual and semi-annual basis in accordance with U.S. GAAP. The combined financial statements for Conversus have been prepared on the liquidation basis of accounting as of 31 December 2012. The combined financial statements were prepared on a going concern basis for the six months ended 30 June 2012. Our fiscal year ends on 31 December. We prepare our statements in accordance with U.S. GAAP rather than Dutch GAAP or International Financial Reporting Standards as permitted under Dutch and European law. In the instance where contradictory legislation is passed, Conversus could be required to prepare its combined financial statements on a basis other than U.S. GAAP.

The combined financial statements are the responsibility of the respective managing general partner, acting through its Board of Directors, of each of Conversus LP and the Investment Partnership (collectively, the "Managing General Partner"). The Managing General Partner is responsible for preparing combined financial statements which give a true and fair view of the state of affairs of Conversus and of the profit or loss of Conversus for the applicable period, in accordance with applicable Guernsey law, Dutch law and U.S. GAAP. In preparing the combined financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the combined financial statements; and
- prepare the combined financial statements on the going concern basis unless it is inappropriate to assume that Conversus will continue in business.

The Directors confirm that they have complied with the above requirements in preparing these combined financial statements. The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Conversus. They are also responsible for safeguarding the assets of Conversus and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which Conversus' auditor is unaware; and he or she has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that Conversus' auditor is aware of that information.

PRINCIPAL RISKS

This financial report (including without limitation the combined financial statements) summarizes the principal risks affecting Conversus. Additional risks and uncertainties that are currently unknown or that are not believed to be principal risks may also adversely affect the results of operations or financial condition of Conversus. If any of the principal risks actually occur, the results of operations and financial condition of Conversus would likely be negatively impacted.

DIRECTORS, ADVISORS AND KEY INFORMATION

Independent Board of Directors Paul G. Guilbert (Chairman) Laurance (Laurie) R. Hoagland, Jr. Kathryn A. Matthews Dr. Per Johan Strömberg The address of each person named above is: c/o Conversus GP, Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL Channel Islands	**Investor Information** Exchange: Euronext Amsterdam Trading symbol: CCAP Admission date: 29 June 2007 Currency: USD Bloomberg: CCAP NA Reuters: CCAP.AS Google Finance: AMS:CCAP
Registered Office Conversus Capital, L.P c/o Conversus GP, Limited Trafalgar Court, Les Banques St. Peter Port, Guernsey GY1 3QL Channel Islands ccap@conversus.com Tel: +44 1481 745 175 Fax: +44 1481 745 176	**Independent Auditors** PricewaterhouseCoopers CI LLP Royal Bank Place 1 Glategny Esplanade St. Peter Port, Guernsey GY1 4ND Channel Islands Tel: +44 1481 752 000 Fax: +44 1481 752 001
Depository Bank The Bank of New York 101 Barclay Street, 22 West New York, New York 10286 Attention: Conversus Capital, L.P. Tel: +1 212 815 5898 or +1 212 815 3982 Fax: +1 212 571 3050	**Paying Agent** ABN AMRO Bank N.V. Department Equity Capital Markets / Corporate Broking Richard van Etten Gustav Mahlerlaan 10 P.O. Box 283 (HQ7050) 1000 EA Amsterdam The Netherlands Tel: +31 20 343 2000 Fax: +31 20 628 8481
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DIRECTORS, ADVISORS AND KEY INFORMATION (CONTINUED)

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CONVERSUS CAPITAL, L.P.
(Liquidation Basis of Accounting)

COMBINED FINANCIAL STATEMENTS
(AUDITED)

For the year ended 31 December 2012

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REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

To the Board of Directors of the General Partner and partners of
Conversus Capital, L.P.:

We have audited the accompanying combined financial statements of Conversus Capital, L.P. and Conversus Investment Partnership, L.P. ("Investment Partnership") (collectively "Conversus"), which comprise the combined statement of net assets, including the combined condensed schedule of investments as of 31 December 2012, and the related combined statement of changes in net assets for the year then ended.

General Partner's Responsibility for the Combined Financial Statements

The General Partner is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to Conversus' preparation and fair presentation of the combined financial statements 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 Conversus' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the General Partner, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Conversus at 31 December 2012, and the changes in its net assets for the year then ended, in accordance with accounting principles generally accepted in the United States of America and have been properly prepared in accordance with The Limited Partnerships (Guernsey) Law, 1995.

Emphasis of Matter

On 2 July 2012, Conversus signed a definitive agreement (the "Purchase Agreement") with HarbourVest Structured Solutions II, L.P. ("HarbourVest Structured Solutions") for HarbourVest Structured Solutions to acquire the Investment Partnership subsidiaries that hold the Investment Partnership's gross assets. Conversus intends to appoint a liquidator to wind up its remaining operations and make a liquidating distribution in accordance with Guernsey law. As a result, on 30 June 2012, Conversus changed its basis of accounting from the going concern basis to a liquidation basis.

This report, including the opinion, has been prepared for and only for the partners as a body in accordance with Section 18 of The Limited Partnerships (Guernsey) Law, 1995 and for no other purpose. We do not in giving this opinion accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
11 March 2013

COMBINED STATEMENTS OF NET ASSETS (LIQUIDATION BASIS OF ACCOUNTING)

As of 31 December 2012 and 31 December 2011
(US$ in thousands except for per unit amounts)

	31 Dec 2012	31 Dec 2011
Assets		
Investments, at fair value *(Note 3)* (cost $11,421 as of 31 Dec 2012; $1,607,649 as of 31 Dec 2011)	$ 11,247	$ 1,725,162
Investments, contracted to be sold, at fair value *(Notes 1 and 3)* (cost $2,380 as of 31 Dec 2012; $0 as of 31 Dec 2011)	487	-
Cash and cash equivalents	1,165,303	82,573
Receivables and prepaid expenses	-	2,049
Total Assets	1,177,037	1,809,784
Liabilities		
Performance fees payable *(Note 2)*	-	54,715
Management fees payable *(Note 2)*	-	6,522
Notes and interest payable *(Note 5)*	-	1,000
Distribution payable to unit holders *(Note 7)*	1,042,736	-
Other liabilities	-	10,871
Accrued liquidation expense liability, net *(Note 6)*	28,280	-
Total Liabilities	1,071,016	73,108
NET ASSETS	**$ 106,021**	**$ 1,736,676**
Net Assets		
General Partners' capital	$ -	$ -
Limited Partners' capital (66,603 units issued and 65,086 units outstanding as of 31 Dec 2012; 66,603 units issued and 64,603 units outstanding as of 31 Dec 2011)	135,729	1,775,841
Treasury units *(Note 7)* (1,517 units as of 31 Dec 2012; 2,000 units as of 31 Dec 2011)	(29,708)	(39,165)
NET ASSETS	**$ 106,021**	**$ 1,736,676**
NET ASSET VALUE PER UNIT OUTSTANDING	**$ 1.63**	**$ 26.88**

These accounts were approved by the Board of Directors on 11 March 2013 and signed on its behalf by:

Mr. Paul Guilbert	**Mr. Laurance R. Hoagland, Jr.**	**Dr. Per Johan Strömberg**	**Ms. Kathryn A. Matthews**
Independent Director, Chairman	Independent Director	Independent Director	Independent Director

The accompanying notes are an integral part of the combined financial statements.

COMBINED STATEMENT OF CHANGES IN NET ASSETS (LIQUIDATION BASIS OF ACCOUNTING)

For the year ended 31 December 2012
(US$ in thousands)

Net Decrease in Net Assets from Operations	$	(199,174)
Net Decrease in Net Assets from Liquidation Expenses		(63,796)
Net Decrease in Net Assets from Capital Transactions		
Distributions paid to unit holders		(133,321)
Distribution declared to unit holders		(1,042,736)
In-kind distribution		(201,101)
Units issued from treasury		9,473
Net Decrease in Net Assets from Capital Transactions		(1,367,685)
NET DECREASE IN NET ASSETS		**(1,630,655)**
NET ASSETS AT BEGINNING OF PERIOD		**1,736,676**
NET ASSETS AT END OF PERIOD	**$**	**106,021**

The accompanying notes are an integral part of the combined financial statements.

COMBINED CONDENSED SCHEDULE OF INVESTMENTS

As of 31 December 2012
(US$ in thousands)

	Cost	Fair Value	% of Net Assets	Unfunded Commitments
Fund Investment				
Buyout	$ 2,380	$ 487	0.4%	$ 114
Total Fund Investment	2,380	487	0.4%	114
Publicly Traded Equity Securities [1,2]				
Consumer Discretionary	356	314	0.3	-
Consumer Staples	6,227	5,920	5.6	-
Financials	982	1,486	1.4	-
Information Technology	2,897	2,777	2.6	-
Media	169	104	0.1	-
Health Care	790	646	0.6	-
Total Publicly Traded Equity Securities	11,421	11,247	10.6	-
TOTAL	**$ 13,801**	**$ 11,734**	**11.0%**	**$ 114**

(1) Industry classifications are determined at the individual portfolio company level and are based on the North American Industry Classification System ("NAICS").

(2) Publicly traded equity securities represent equity security distributions from fund investments and direct public equity investments.

The accompanying notes are an integral part of the combined financial statements.

COMBINED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

As of 31 December 2011
(US$ in thousands)

	Cost	Fair Value	% of Net Assets	Unfunded Commitments
FUND INVESTMENTS, AT FAIR VALUE				
North America				
Buyout	$ 1,054,470	$ 1,130,664	65.1%	$ 308,589
Venture Capital	249,033	269,238	15.5	50,061
Special Situation	66,244	93,501	5.4	5,922
Total North America	1,369,747	1,493,403	86.0	364,572
Europe, Asia and RoW				
Buyout	126,446	114,660	6.6	37,140
Venture Capital	2,269	2,561	0.1	412
Total Europe, Asia and RoW	128,715	117,221	6.7	37,552
Total Fund Investments	1,498,462	1,610,624	92.7	402,124
DIRECT INVESTMENTS, AT FAIR VALUE (1)				
Direct Co-Investments				
Industrials	52,544	57,893	3.3	-
Telecommunication Services	25,000	20,000	1.2	-
Consumer Discretionary	10,000	10,000	0.6	-
Health Care	5,000	5,000	0.3	-
Total Direct Co-Investments	92,544	92,893	5.4	-
Publicly Traded Equity Securities (2)				
Financials	8,276	9,319	0.6	-
Industrials	4,165	9,228	0.5	-
Telecommunication Services	1,695	1,387	0.1	-
Information Technology	1,030	759	0.0	-
Energy & Utilities	945	503	0.0	-
Materials	532	449	0.0	-
Total Publicly Traded Equity Securities	16,643	21,645	1.2	-
Total Direct Investments	109,187	114,538	6.6	-
TOTAL INVESTMENTS, AT FAIR VALUE	**$ 1,607,649**	**$ 1,725,162**	**99.3%**	**$ 402,124**

(1) Industry classifications are determined at the individual portfolio company level and are based on the NAICS.

(2) Publicly traded equity securities represent equity security distributions from fund investments and direct public equity investments.

The accompanying notes are an integral part of the combined financial statements.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. Business Overview

Conversus Capital, L.P. ("Conversus LP") is a Guernsey limited partnership established on 29 May 2007. Conversus LP is composed of a general partner, Conversus GP, Limited ("Conversus GP"), a Guernsey limited company which holds 100% of the voting interests of Conversus LP, and the limited partners of Conversus LP, represented by common units that are non-voting. The limited partnership interests in Conversus LP trade on NYSE Euronext in Amsterdam ("Euronext"), the regulated market of Euronext Amsterdam N.V., under the symbol "CCAP."

Conversus LP owns all of the Class A limited partner interests in Conversus Investment Partnership, L.P. ("Investment Partnership"), a Guernsey limited partnership through which substantially all of Conversus LP's investments are made directly or indirectly through its subsidiaries. The Investment Partnership is composed of a general partner, Conversus Investment GP, Limited ("Investment GP"), a Guernsey limited company, which holds 100% of the voting interests of the Investment Partnership, as well as the Class A, B and C limited partners, all of which are non-voting. Conversus LP and the Investment Partnership are referred to collectively as "Conversus." The independent members of the Board of Directors of Conversus GP and the independent members of the Board of Directors of Investment GP are collectively referred to as the "Board of Directors."

On 2 July 2012, Conversus executed a definitive agreement (the "Purchase Agreement") with HarbourVest Structured Solutions II, L.P. ("HSS") whereby HSS agreed to acquire the Investment Partnership subsidiaries that hold the Investment Partnership's investments. On 31 December 2012, Conversus completed the sale of the Investment Partnership subsidiaries to HSS (the "Transaction"). Pursuant to the Purchase Agreement between HSS and Conversus, HSS agreed to acquire Conversus' private equity fund interests and direct co-investments for $1,439.1 million, as adjusted for capital calls and distributions subsequent to 30 April 2012 and through 30 November 2012. Capital calls were $59.4 million and distributions were $252.3 million during that period, resulting in a final adjusted purchase price as of 31 December 2012 of $1,243.8 million, or $19.11 per unit. One private equity fund with an estimated value of $2.4 million as of 30 April 2012 was excluded from the sale to HSS due to a right of first refusal that was exercised by a third party. HSS also assumed the unfunded commitments of the private equity fund interests that were transferred at closing. HSS did not acquire Conversus' directly held public equity securities or net cash held by the Investment Partnership.

On 31 December 2012, Conversus declared a cash distribution of the cash proceeds from the Transaction totaling $1,042.7 million, or $19.11 per unit. This distribution was paid on 14 January 2013 to unit holders that did not make an election to receive limited partnership interests of HSS.

Subject to certain legal restrictions and a cap on total participation, in lieu of receiving consideration in cash, qualifying Conversus unit holders were able to elect to maintain their exposure to the portfolio being sold to HSS by receiving ownership interests in HSS. Unit holders that made valid elections to receive limited partnership interests of HSS received an in-kind distribution on 31 December 2012 of such limited partnership interests totaling $201.1 million, or $19.11 per unit.

On or about 30 April 2013, Conversus expects to appoint a liquidator to manage the wind down of Conversus' remaining entities. Conversus will cease to exist upon the completion of a liquidation period which could last up to eighteen months beyond the appointment date ("Liquidation Period").
Following the appointment of a liquidator, Conversus expects its license to operate as an authorized closed end scheme for Guernsey purposes will be withdrawn and that it will cease to be registered as

a collective investment scheme permitted to offer participation rights in the Netherlands pursuant to article 2:66 of the Financial Market Supervision Act (*Wet op het financieel toezicht*).

On 2 July 2012, Conversus signed a definitive agreement to acquire Conversus Asset Management LLC ("CAM") and Conversus Participation Company LLC ("CPC") for $42.5 million, less net liabilities assumed (the "CAM/CPC Transaction"). On 20 July 2012, Conversus completed the CAM/CPC Transaction. HSS reimbursed Conversus for $25.0 million of the purchase price.

CAM continues to act as Conversus' investment manager pursuant to an amended services agreement and an amended limited partnership agreement of the Investment Partnership that reflect the new ownership of CAM and CPC (see Note 9). Subsequent to the CAM/CPC Transaction, the parties amended the services agreement and the limited partnership agreement of the Investment Partnership to provide that after 30 June 2012, CAM receives no administrative fee, management fee or contingent profits interest and CPC receives no performance fees in connection with the services provided under the services agreement (see Note 2).

CPC owns all Class B limited partner interests in the Investment Partnership. CPC has no operations and is the vehicle through which its owners received performance fees from the Investment Partnership (see Note 2) prior to the amendment of the limited partnership agreement of the Investment Partnership to eliminate such fees for periods after 30 June 2012. The Class C limited partner interests in the Investment Partnership are owned by CAM. These interests entitled CAM to receive the profits interest portion of the management fee for periods prior to 30 June 2012 (see Note 2).

CAM and CPC were both owned by Bank of America Corporation ("BAC"), Oak Hill Investment Management, L.P. ("OHIM"), the California Public Employees Retirement System ("CalPERS"), affiliates of Harvard Management Company, Inc. and members of CAM management. These parties sold 100% of their interests to Conversus on 20 July 2012.

Conversus LP made substantially all of its investments through the Investment Partnership and its subsidiaries and Conversus LP's only investment assets are the Class A limited partner interests in the Investment Partnership. As of 31 December 2012, the Investment Partnership holds Conversus' remaining investments.

2. Summary of Significant Accounting Policies

Basis of Presentation

The combined financial statements for Conversus have been prepared on the liquidation basis of accounting as of 31 December 2012. The combined financial statements were prepared on a going concern basis for the six months ending 30 June 2012. The combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Conversus has received approval from the Netherlands Authority for the Financial Markets ("AFM") to prepare its combined financial statements in accordance with U.S. GAAP rather than Dutch GAAP or International Financial Reporting Standards. In the instance where such approval is withdrawn by the AFM or contradictory legislation is passed, Conversus could be required to prepare its combined financial statements on a basis other than U.S. GAAP.

Conversus adopted the liquidation basis of accounting as of 30 June 2012 as the result of the Transaction. Upon completion of the Liquidation Period, Conversus intends to cease operations. Under the liquidation basis of accounting, an accrued liquidation expense liability has been established for all estimated future operating expenses through the Liquidation Period. The net accrued liquidation expense liability requires significant estimates, and actual costs may vary materially from those estimates (see Note 6).

The fair value of Conversus' private equity fund interest has been estimated based on the realizable value. Directly held public equity securities have been valued at fair value based on observable market quotations. Cash flows related to investments subject to the Purchase Agreement, including capital calls, fund fees and expenses, dividends, interest and realizations subsequent to 30 April 2012 and through 30 November 2012 were treated as purchase price adjustments under the Purchase Agreement.

As disclosed in Note 1, Conversus LP owns all of the Class A limited partner interests in the Investment Partnership. Conversus LP does not own the general partner interests of the Investment Partnership, and therefore does not control the Investment Partnership. However, Conversus GP and Investment GP are controlled by the same Guernsey charitable trust. Therefore, Conversus LP and the Investment Partnership are under common control. Substantially all of Conversus' investments were made through the Investment Partnership and its subsidiaries. In order to present meaningful financial statements, the accounts of Conversus LP and the Investment Partnership have been combined as permitted under U.S. GAAP.

Principles of Combination
These combined financial statements include the accounts of Conversus LP combined with the Investment Partnership. The accounts of the Investment Partnership represent the consolidated accounts of the Investment Partnership and its subsidiaries. All material balances between Conversus LP, the Investment Partnership and subsidiaries of the Investment Partnership have been eliminated.

Currency
Conversus' functional currency is the U.S. dollar as a majority of its investments are denominated in U.S. dollars. The value of investments that are denominated in currencies other than the U.S. dollar are stated by converting the value of such investments into U.S. dollars based on the rate in effect on the last business day of each applicable accounting period. Foreign currency transactions are translated at the rate of exchange prevailing on the date of the transaction.

Conversus does not separately report the changes relating to currency exchange rates from those relating to changes in the fair value of investments in the combined financial statements. These fluctuations are combined and included in the net decrease in net assets resulting from operations in the Combined Statement of Changes in Net Assets.

Use of Estimates
The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Valuation of Investments
Investments are accounted for in accordance with U.S. GAAP. As of 31 December 2012, Conversus holds a private equity fund investment at realizable value. As of 31 December 2012, directly held public equity securities are held at fair value based on the observable market quotations. The Board of Directors and the Chief Executive Officer are ultimately and solely responsible for estimating realizable value and fair value of investments, as applicable, in good faith.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash held in the bank and liquid investments with maturities, at the date of acquisition, not exceeding 90 days.

Treasury Units
Conversus LP's purchases of its own common units are recorded as treasury units under the cost method and are shown as a reduction of partners' capital on the Combined Statements of Net Assets. Re-issuances or cancellations of treasury units are recorded using the weighted average cost method.

Distributions to Unit Holders
Conversus accounts for distributions to unit holders when declared by recording a liability and a reduction of partners' capital on the Combined Statements of Net Assets.

Income
Interest Income - Conversus may earn interest income from its private equity investments and from its cash and cash equivalents. Interest is recorded when earned, or when it is reported to Conversus by the private equity funds in which it is invested.

Dividend Income - Conversus may earn dividend income from its publicly traded equity securities or from its private equity investments. To the extent that a dividend represents a distribution of operating income, it is recorded when declared, or when it is reported to Conversus by the general partners. When a dividend represents a distribution resulting from a recapitalization, it is recorded as a return of capital and any related realized gain or loss is recognized.

Realized Gains and Losses on Investments
Realized gains and losses are recognized when Conversus is made aware of a realization event. For the sale of the private equity fund interests and direct co-investments under the Purchase Agreement, realized gains or losses were recorded on 31 December 2012. In the case of underlying portfolio companies, recognition of realized gains and losses normally occurs when a distribution is received or when Conversus is notified by a general partner that a transaction has occurred. For publicly traded equity securities, realizations are recorded on the trade date.

Public Equity Security Distributions
In-kind public equity security distributions from fund investments are recorded as of the declaration date and any associated gains or losses are included in the net decrease in net assets resulting from operations in the Combined Statement of Changes in Net Assets. The public equity security distributions are initially recorded at the value of the distribution received and subsequently marked to market at the end of each month.

Performance Fees
Conversus completed the acquisition of CPC on 20 July 2012 and the limited partnership agreement of the Investment Partnership was amended to eliminate performance fees; therefore, no performance fees have been incurred subsequent to 30 June 2012. Performance fees were previously calculated at the end of each applicable quarter, based on the results through the end of that quarter. As of 30 June 2012, CPC was entitled to a 10% performance fee from the Investment Partnership based on increases in net asset value ("NAV"), subject to an annual 7% preferred return to Conversus LP. The performance fee was calculated based on the shorter of the most recent three year period or the period since the last high water mark. For the six months ended 30 June 2012, performance fees of $4.4 million were earned by CPC. As of 31 December 2011, performance fees of $54.7 million were payable to CPC.

Management Fees
Conversus completed the acquisition of CAM on 20 July 2012 and the services agreement with CAM was amended to eliminate management fees; therefore, no management fees have been incurred subsequent to 30 June 2012. As of and for the six months ended 30 June 2012, CAM was entitled to management fees from the Investment Partnership in an aggregate amount of (i) 0.75% per annum of the value of Conversus' non-cash assets and (ii) 0.375% per annum of Conversus' aggregate unfunded commitments. For the six months ended 30 June 2012, management fee expense totaled $6.6 million. As of 31 December 2011, management fees of $6.5 million were payable.

Fund Fees and Expenses
Management fees and partnership expenses are charged by the general partners of the funds in which Conversus is invested and are expensed in the period to which they relate. In connection with the adoption of the liquidation basis of accounting, all prepaid management fees were expensed as of 30 June 2012. These fees and expenses do not include performance fees or carried interest earned by the general partners.

Phantom Equity Incentive Plan
Based on the terms of the Phantom Equity Incentive Plan, Conversus accounted for phantom equity as liability awards under ASC 718-10, *Stock Compensation*. Grants are referenced to Conversus LP's unit price. During December 2012, the Board of Directors terminated the Phantom Equity Incentive Plan.

Income Taxes
Conversus LP, the Investment Partnership and the Investment Partnership's subsidiaries are not subject to taxation in Guernsey. Under current Guernsey law, Conversus' income that is wholly derived from international operations and any distributions paid to Conversus LP's unit holders are not regarded as arising or accruing from a source in Guernsey in the hands of that unit holder if, being an individual, the unit holder is not solely or principally resident in Guernsey, or, being a company, is not resident in Guernsey. It is the intention of Conversus GP and Investment GP to ensure that Conversus' business is conducted in such a way as to constitute international operations for the purposes of the relevant legislation.

Conversus LP has made a protective election to be treated as a partnership for U.S. federal income tax purposes and manages its affairs so that it should not be treated as a publicly traded partnership that is taxable as a corporation. An entity that is treated as a partnership for U.S. federal income tax purposes is not a taxable entity and incurs no U.S. federal income tax liability. Instead, each partner is required to take into account its allocable share of items of income, gain, loss and deductions of the partnership in computing its U.S. federal income tax liability, regardless of whether cash distributions are made.
Investments made in entities that generate U.S. source income may indirectly subject Conversus LP and/or the Investment Partnership to certain U.S. federal and state income tax consequences. A U.S. withholding tax at the rate of 30% may be applied on the distributive shares of any U.S. source dividends and interest (subject to certain exemptions) and certain other income received directly or through one or more entities treated as either partnerships or disregarded entities for U.S. federal income tax purposes. Conversus LP's intention is to minimize income which could be deemed to be effectively connected with a U.S. trade or business.

Income from an investment that is effectively connected with a U.S. trade or business is subject to U.S. federal and state income taxation. The U.S. requires withholding on effectively connected income at the highest U.S. regular income tax rate. Such income effectively connected with a U.S. trade or business (net of the U.S. regular income tax rate) may also be subject to a branch profits tax at a rate of up to 30%.

Under ASC 740-10, *Accounting for Uncertainty in Income Taxes* ("ASC 740-10"), management is required to determine whether a tax position of Conversus is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax liability to be recognized is measured as the largest amount of liability that is greater than fifty percent likely of being realized upon ultimate settlement which could result in Conversus recording a tax liability that would reduce partners' capital.

As of 31 December 2012 and 2011, management concluded that there was no material impact on Conversus' tax liabilities, financial position or results of operations under ASC 740-10. Conversus' management has determined that there is no material tax liability resulting from unrecognized tax liabilities related to uncertain tax positions taken or expected to be taken in future tax returns, which has not been recorded in the combined financial statements. Conversus is also not aware of any tax positions for which it is reasonably possible that the total tax due or unrecognized tax liabilities will significantly change in the next twelve months.

Conversus files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, Conversus is subject to examination by federal, state, local and foreign jurisdictions, where applicable. As of 31 December 2012, the tax years that remained subject to examination by the relevant taxing authorities were 2007 through 2012. Conversus has no knowledge of any tax returns under examination. Conversus has evaluated its federal and state filings for all open tax years, and did not note any potential material penalties or interest.

Unit holders in certain jurisdictions could have tax consequences from ownership of Conversus LP's units, including making required tax payments in excess of any distributions received in any specific year. Conversus LP has not taken such tax consequences into account in the preparation of these combined financial statements.

3. Fair Value of Financial Assets and Liabilities

A fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value is established under ASC 820-10, *Fair Value Measurements and Disclosures* ("ASC 820-10"). The three levels of the hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, as of the measurement date. These include quoted prices in markets that are not active, quoted prices in active markets but with restrictions impacting fair value and quoted prices in active markets for similar assets or liabilities. This level also includes inputs other than quoted prices that are observable, including the Purchase Agreement.

Level 3: Inputs are unobservable for the assets and liabilities. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset (or similar asset) at the measurement date.

The tables below summarize Conversus' financial assets as of 31 December 2012 and 2011, by fair value hierarchy. As required by ASC 820-10, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Financial Assets at Fair Value as of 31 Dec 2012 (US$ in thousands)				
	Level 1	**Level 2**	**Level 3**	**Total**
Investments, at realizable value	$ -	$ 487	$ -	$ 487
Publicly Traded Equity Securities	11,247	-	-	11,247
Total Investments	11,247	487	-	11,734
Cash and Cash Equivalents	1,165,303	-	-	1,165,303
	$ 1,176,550	$ 487	$ -	$ 1,177,037

Financial Assets at Fair Value as of 31 Dec 2011 (US$ in thousands)				
	Level 1	**Level 2**	**Level 3**	**Total**
Fund Investments				
Buyout	$ -	$ -	$ 1,245,324	$ 1,245,324
Venture Capital	-	-	271,799	271,799
Special Situation	-	-	93,501	93,501
Direct Co-Investments	-	-	92,893	92,893
Publicly Traded Equity Securities	21,645	-	-	21,645
Total Investments	21,645	-	1,703,517	1,725,162
Cash and Cash Equivalents	82,573	-	-	82,573
	$ 104,218	$ -	$ 1,703,517	$ 1,807,735

Transfers between levels are recognized based on the actual date of the event that caused the transfer. As a result of the transaction with HSS, Conversus' fund investments and direct co-investments, totaling $1,385 million, were transferred to Level 2 at their realizable value as of 30 June 2012. During the year ended 31 December 2012, Conversus had transfers from Level 3 to Level 1 of $6.8 million and transfers from Level 2 to Level 1 of $15.5 million, which were in the form of in-kind distributions.

The table below summarizes the change in fair value of Level 3 financial assets for the year ended 31 December 2012.

Summary of Changes in Level 3 Financial Assets (US$ in thousands)	
	Level 3
Balance as of 1 Jan 2012	$ 1,703,517
Distributions from Investments	(181,654)
Net Realized Gains	47,785
Net Change in Unrealized Depreciation	(227,475)
Capital Called for Investments	49,549
In-Kind Distributions Transferred to Level 1	(6,751)
Investments, Contracted to be Sold, Transferred to Level 2	(1,384,971)
Balance as of 31 Dec 2012	$ -

Valuation Methodology

The fair value of Conversus' fund investment is estimated at realizable value on the Statement of Net Assets as of 31 December 2012.

Directly held public equity securities are marked to market using the last quoted price as of the reporting date.

Investments in private equity funds do not have a readily available market and are generally valued based on the fair value of each private equity fund as reported by the respective general partner, which necessarily incorporates estimates made by those general partners. For fund investments as of 31 December 2011, Conversus believed that the general partner value, in most cases, represented fair value as of the relevant statement date. If other factors led Conversus to conclude that fair value provided by the general partner did not represent actual fair value, Conversus would have adjusted the value of the investment from the general partner's estimate. Conversus estimates fair value based on publicly available information and the most recent financial information provided by the general partners, as adjusted for cash flows since the date of the most recent financial information. Additionally, as of 31 December 2011, the value of public equity securities known to be owned by the private equity funds, based on the most recent information reported to Conversus by the general partners, were marked to market as of the last quoted price on the reporting date. Where applicable, a discount was applied to such securities based on an estimate of the discount applied by the general partners (to account for restrictions or other constraints) in calculating NAV.

As of 31 December 2011, direct co-investments were carried at fair value, as estimated by Conversus. In estimating fair value, Conversus considered the value assigned to such investment by the fund with which Conversus co-invested, to the extent known. Conversus also considered the estimated fair value based on the projected enterprise value at which the underlying company could be sold in an orderly disposition over a reasonable period of time and in a transaction between willing parties other than in a forced sale or liquidation. In these instances, market multiples considering specified financial measures (such as EBITDA, adjusted EBITDA, cash flow, net income, revenues or NAV) and/or a discounted cash flow or liquidation analysis could be used. Consideration could also be given to such factors as the company's historical and projected financial data, valuations given to comparable companies, the size and scope of the company's operations, the company's strengths, weaknesses, applicable restrictions on transfer, industry information and assumptions, general economic and market conditions and other factors deemed relevant.

4. Disclosures about Fair Value of Financial Instruments

Disclosures of estimated fair values for all financial instruments and the methods and assumptions used by management to estimate the fair value for each type of financial instrument are required under ASC 825-10, *Financial Instruments*.

Short-term Assets and Liabilities
For items that are short-term in nature, such as cash and cash equivalents, receivables, performance fees payable, management fees payable, other liabilities and accrued liquidation expense liability, Conversus estimates that the carrying value approximated fair value as of 31 December 2012 and 31 December 2011.

Notes and Interest Payable
Conversus' notes and interest payable were valued according to the terms of the collateralized fund obligation program discussed in Note 5. The notes utilized a variable interest rate based on the one or three month LIBOR rate plus a fixed premium. Conversus believed the fair value of its notes and interest payable did not differ materially from its carrying amounts as of 31 December 2011.

5. Credit Facility

Concurrent with the announcement of the Purchase Agreement on 2 July 2012, Conversus terminated the collateralized fund obligation program (as amended, the "Program") and paid the outstanding balance in full.

The table below summarizes activity under the Program for the year ended 31 December 2012.

Summary of Program Activity
(US$ in thousands)

	Class A Notes	Accrued Interest	Total
Balance as of 1 Jan 2012	$ 1,000	$ -	$ 1,000
Notes Repaid	(1,000)	-	(1,000)
Interest Expense	-	18	18
Interest Payments	-	(18)	(18)
Balance as of 31 Dec 2012	$ -	$ -	$ -
Interest Expense	$ 18		$ 18

The Class A Notes outstanding as of 31 December 2011 had an interest rate of 3.53%.

Prior to the termination of the Program, Conversus paid a commitment fee of 0.75% on undrawn amounts. For the year ended 31 December 2012, commitment fee expense was $0.9 million.

6. Accrued Liquidation Expense Liability

As described in Notes 1 and 2, Conversus sold its private equity fund interests and direct co-investments in the Transaction. Conversus intends to appoint a liquidator to wind up its remaining operations and will make a liquidating distribution in accordance with Guernsey law at the end of the liquidation period. Accordingly, Conversus adopted the liquidation basis of accounting as of 30 June 2012.

In accordance with the liquidation basis of accounting, an accrued liquidation expense liability has been established for all estimated operating expenses. To estimate future operating expenses, Conversus evaluated its operational requirements, considered regulatory requirements and resources necessary to manage Conversus to final liquidation. Making these estimates requires assumptions about matters that are inherently uncertain, and actual costs may differ materially from those estimates. Upon adopting the liquidation basis of accounting, Conversus recognized $56.8 million related to future net operating expenses. In addition, Conversus reclassified $11.7 million in amounts previously included as other liabilities to the accrued liquidation expense liability on the Combined Statements of Net Assets. As of 31 December 2012, the total accrued liquidation expense liability is $28.3 million.

The table below summarizes the change in the accrued liquidation expense liability for the six months ended 31 December 2012.

Summary of Accrued Liquidation Expense Liability
(US$ in thousands)

	As of 30 Jun 12	Net Additional Accruals	Payments	As of 31 Dec 2012
Net CAM and CPC Purchase Price	$ 38,758	$ -	$ (38,758)	$ -
HSS Reimbursement for CAM/CPC Transaction	(25,000)	-	25,000	-
Professional Service Fees	25,794	1,919	(10,289)	17,424
Personnel	17,573	3,056	(12,013)	8,616
Other Expenses	11,411	2,063	(11,234)	2,240
Total Accrued Liquidation Expenses	$ 68,536	$ 7,038	$ (47,294)	$ 28,280

Net CAM and CPC Purchase Price
On 20 July 2012 Conversus purchased CAM and CPC for $42.5 million, less net assumed liabilities of $3.7 million, for a net purchase price of $38.8 million. Conversus intends to dissolve CAM and CPC at or prior to the final liquidation of Conversus and therefore has reflected the associated purchase as a liquidation expense in the accrued liquidation expense liability.

Credit for CAM/CPC Transaction
In accordance with the Purchase Agreement, HSS reimbursed Conversus for $25.0 million of the purchase price of CAM and CPC.

Professional Service Fees
Professional service fees include advisory, legal, tax, audit and other fees related to the Purchase Agreement, the transfer of assets to HSS, the CAM/CPC Transaction and the ongoing operations of Conversus through the Liquidation Period.

Personnel Expense
Personnel expenses include compensation, benefits, severance and retention costs for Conversus personnel.

Other Expenses
Other expenses include taxes, public company costs and miscellaneous expenses.

7. Partners' Capital

Conversus LP's common units represent limited partner interests in Conversus LP and are issued in registered form. Unit holders are not entitled to the withdrawal or return of capital contributions in respect of Conversus LP's common units, except to the extent, if any, that distributions are made to such holders pursuant to Conversus LP's limited partnership agreement. Except to the extent expressly provided in Conversus LP's limited partnership agreement, a unit holder does not have priority over any other holder of Conversus LP's common units, either as to the return of capital contributions or as to profits, losses or distributions. The unit holders are not granted any preemptive or other similar right to acquire additional interests in Conversus LP. In addition, unit holders do not have any right to have their common units redeemed by Conversus LP.

Conversus LP owns all of the Class A limited partner interests in the Investment Partnership. Class A interests are not entitled to the withdrawal or return of any capital contributions in respect of Class A limited partner interests, except to the extent, if any, which distributions are made to such holders in terms of the Investment Partnership's limited partnership agreement, upon the liquidation of the Investment Partnership or otherwise required by applicable law. The Class B limited partner interests in the Investment Partnership are held by CPC. Class B interests have no preemptive or other similar rights to acquire any additional interests in the Investment Partnership. The Class C limited partner interests in the Investment Partnership are held by CAM. Class C interests have no preemptive or other similar rights to acquire any additional interests in the Investment Partnership. On 20 July 2012, Conversus purchased CAM and CPC and now indirectly owns the Class B and Class C limited partner interests.

In total, 1.5 million and 2.0 million Conversus LP units were held in treasury as of 31 December 2012 and 31 December 2011, respectively. Conversus LP has subsequently cancelled all units held in treasury (see Note 12).

Prior to the CAM/CPC Transaction, OHIM was obligated to invest at least 25% of its share of performance fees received by CPC in Conversus LP units until it reached a $25.0 million commitment level. Under this reinvestment obligation, Conversus LP issued 483,003 units to OHIM during the year ended 31 December 2012. As of 31 December 2012, Conversus LP had issued 654,672 common units in total to OHIM, representing a total reinvestment of $13.5 million. The issuances were based on the Conversus LP average closing price for the ten days leading up to and including the last day of the period to which they related. OHIM's reinvestment obligations were terminated in connection with the closing of the CAM/CPC Transaction.

During the year ended 31 December 2012, Conversus LP paid cash distributions to unit holders totaling $133.3 million or $2.05 per unit.

On 31 December 2012, Conversus LP declared a cash distribution of the cash proceeds from the HSS transaction of $1,042.7 million, or $19.11 per unit, for unit holders that did not make an election to receive limited partnership interests of HSS.

On 31 December 2012, for unit holders that made valid elections to receive limited partnership interests of HSS, Conversus LP made an in-kind distribution of limited partnership interests of HSS totaling $201.1 million, or $19.11 per unit.

8. Phantom Equity Plan and Directors Compensation

Conversus established a long term incentive plan under which it made discretionary grants of phantom equity to certain officers and members of the Board of Directors. During December 2012, the Board of Directors terminated the Phantom Equity Incentive Plan whereby all units became vested and were paid.

For the year ended 31 December 2012, total phantom equity award expense was $2.3 million. As of 31 December 2011, $4.5 million was payable with respect to total phantom equity awards.

The table below summarizes the unit activity of the phantom equity plan for the year ended 31 December 2012.

Summary of Phantom Equity Plan Unit Activity

	Unvested	Vested
Units Outstanding as of 1 Jan 2012	112,666	156,519
Issued	6,176	-
Vested	(118,842)	118,842
Settled	-	(275,361)
Units Outstanding as of 31 December 2012	-	-

As of 31 December 2012, each member of Conversus GP's Independent Board of Directors was entitled to annual cash compensation of $125,000. For the year ended 31 December 2012, Board of Director compensation expense was $1.4 million. As of 31 December 2012, $0.5 million was payable with respect to Board of Director compensation. As of 31 December 2011, $1.2 million was payable with respect to Board of Director compensation.

9. Related Parties

The sole shareholders of Conversus GP and Investment GP are two Guernsey charitable trusts, Conversus Charitable Trust I and Conversus Charitable Trust II. Conversus Charitable Trust I is considered the ultimate controlling party. The trustee of each of the Charitable Trusts is Northern Trust Fiduciary Services (Guernsey) Limited and is formed under the laws of Guernsey. The trust administration fees for the Charitable Trusts are paid by the Investment Partnership. The applicable fees are currently a minimum annual fee of $25,000 per trust. The trustee for the Charitable Trusts is affiliated with Conversus' Guernsey administrator, Northern Trust International Fund Administration Services (Guernsey) Limited ("Northern Trust"). The Trustee's duties are to the Charitable Trusts and not to Conversus LP or the Investment Partnership, and no material fees are payable by Conversus under the trust administration arrangements.

Conversus LP, Conversus GP, Investment GP, the Investment Partnership and the Investment Partnership's subsidiaries (the "Service Recipients") previously entered into a services agreement with CAM pursuant to which CAM carried out the day-to-day management and operations of the respective businesses. Under the services agreement, for periods through 30 June 2012, CAM was entitled to quarterly management fees, as well as an administrative fee, as discussed in Note 2. In addition to the administrative fee, the Service Recipients reimbursed CAM for investment professional travel related to the management of Conversus' portfolio and certain other direct expenses that CAM incurred on the Service Recipients' behalf. For the year ended 31 December 2012, total expenses under the services agreement, including the administrative fee, were $1.7 million. The total amount payable to CAM as of 31 December 2011 was $0.5 million. On 2 July 2012, in connection with the CAM/CPC Transaction, the services agreement was amended to eliminate the management fee, administrative fee and contingent profits interest for the period between signing and closing. Subsequent to the closing of the CAM/CPC Transaction on 20 July 2012, the services agreement was amended to provide that no management fees, contingent profits interest or performance fees were payable.

Prior to the closing of the CAM/CPC Transaction, CAM procured certain services from OHIM under a subadvisory and services agreement with OHIM. Under the subadvisory and services agreement, OHIM performed those functions and had such authority as were delegated to it by CAM. Pursuant to the subadvisory and services agreement, CAM was required to reimburse OHIM for its portion of certain fees and expenses incurred by CAM, as well as other fees, costs and expenses incurred by OHIM. Pursuant to the services agreement, the Service Recipients reimbursed CAM for amounts paid to OHIM for investment professional travel related to the management of Conversus' portfolio and certain other direct expenses that OHIM incurred on the Service Recipients' behalf. For the year ended 31 December 2012, total expenses under the subadvisory and services agreement were $19,000. The total amount payable to CAM under the subadvisory and services agreement was $9,000 as of 31 December 2011. The subadvisory and services agreement was terminated in conjunction with the CAM/CPC Transaction.

Conversus GP has retained Northern Trust and its affiliates to act as its Guernsey administrator to provide certain accounting services, including the accounting and administration of the private equity funds in which Conversus has invested. Paul Guilbert, Chairman of the Board of Directors of Conversus GP, was employed by Northern Trust through 4 November 2012. For the year ended 31 December 2012, total accounting and administration expenses were $1.7 million. The total amount payable to Northern Trust for accounting and administration services as of 31 December 2012 was $1.0 million. The total payable to Northern Trust for account and administration services as of 31 December 2011 was $0.7 million.

BAC, OHIM and CalPERS, were owners of CAM and CPC until 20 July 2012 and were unit holders of Conversus LP as of that day.

10. Commitments and Contingencies

Leases

Conversus conducts its operations from two leased facilities. Base rent payments required for the duration of the leases are stated in the lease agreements. Conversus accounts for base rent expense over the term of the lease on a straight-line basis, consistent with the ASC 840-20, "*Accounting for Leases*," inclusive of any abatements. In addition to base rent amounts, the lease agreements call for payment of Conversus' pro-rata share of operating expenses and taxes and these payments are expensed as incurred. Both leases have renewal options, the terms of which are equal to or shorter in length than the original leases. There are no material penalties should CCAP choose not to exercise the renewal options.

Including the fee related to a one-time option to terminate a lease as of 28 February 2014, future minimum rental payments as required under non-cancelable operating leases with original terms in excess of one year as of 31 December 2012 are as follows:

Summary of Future Mimimum Rental Payments (US$ in thousands)		
2013	$	952
2014		495
Total Future Mimimum Rental Payments	$	1,447

All future minimum rental payments in the table above are accrued as of 31 December 2012.

There are no contingent rentals or sublease agreements associated with the operating leases.

Agreements and Contracts

In the normal course of business, Conversus enters into contracts which contain indemnification provisions, including, but not limited to, purchase contracts, service agreements and subadvisory agreements. Among other things, these indemnification provisions may be related to Conversus' conduct, performance or the occurrence of certain events. These indemnification provisions will vary based on the contract. Conversus may in turn obtain indemnifications from other parties in certain contracts. These indemnification provisions are not expected to have a material impact on Conversus' combined results of operations or financial condition.

11. Risks

Conversus is exposed to a number of risks due to the types of investments it owns, its structure and the structure of the Purchase Agreement. Its exposure to risk relates to, among other things, changes in the values of publicly traded equity securities, movements in prevailing interest rates, changes in the laws and regulations under which it operates, general market and economic conditions and the management of liquidity resources.

Risks Related to Purchase Agreement

On 31 December 2012, Conversus sold its ownership in certain Investment Partnership subsidiaries which held its private equity fund interests and direct co-investments. Post closing, obligations of Conversus under the Purchase Agreement include Conversus' responsibility for the preparation of Investment Partnership subsidiaries 2012 tax returns as well as payment of any tax liability incurred for periods up to and including the closing date. While Conversus has made good faith estimates to accrue and remit tax payments for all periods up to and including the closing date, it is possible Conversus could be required to make additional tax payments, which could lead to significant changes in net asset value.

Securities Market Risks

The market prices and values of publicly traded equity securities of companies in which Conversus has investments may be volatile and can fluctuate due to a number of factors beyond its control. Conversus values investments in publicly traded equity securities based on current market prices at the end of each accounting period, which could lead to changes in NAV.

Counterparty Credit Risk
Conversus has entered into agreements providing for services and transactions that expose Conversus to risk in the event that the counterparties do not meet the terms of such agreements. Conversus may be exposed to a concentration of risk in depository and accounting administration services where Conversus utilizes a single service provider (see Note 9).

Regulatory Risk
Conversus is subject to a variety of laws and regulations by national, regional and local governments and supranational organizations. These laws and regulations, and their interpretation and application, may change from time to time and those changes could have a material adverse effect on the financial position of Conversus.

Tax Risk
Conversus, and many of the funds and companies in which it invests, have a complex and multi-jurisdictional structure and are subject to a variety of tax laws and tax regulations by national, regional and local governments and supranational organizations. These tax laws and regulations (including the applicable tax rates), and their interpretation and application, may change from time to time and those changes could have a material adverse effect on the financial position of Conversus.

12. Subsequent Events

In accordance with ASC 855-10, *Subsequent Events*, Conversus has evaluated subsequent events for recognition or disclosure through [11] March 2013, which was the date after which these combined financial statements were available to be issued.

On 14 January 2013, Conversus LP paid a cash distribution of $19.11 per unit, or $1,042.7 million in aggregate, to unit holders of record as of 7 January 2013.

On 19 February 2013, Conversus LP paid a cash distribution of $1.00 per unit, or $65.1 million in aggregate, to unit holders of record as of 13 February 2013.

On 8 March 2013, Conversus LP cancelled 1,516,997 units previously held in treasury.