

ELECTRA

Electra Private Equity PLC Half Year Report



31 March **2018**

Contents

Strategic and Business Review

- 1 About Electra Private Equity PLC
- 2 Chairman's Statement
- 4 Portfolio Review
- 6 Key Investments Background
- 11 CFO's Review

Accounts

- 14 Consolidated Income Statement (unaudited)
- 14 Consolidated Statement of Comprehensive Income (unaudited)
- 15 Consolidated Statement of Changes in Equity (unaudited)
- 16 Consolidated Balance Sheet (unaudited)
- 17 Consolidated Cash Flow Statement (unaudited)
- 18 Notes to the Accounts (unaudited)
- 30 Independent Review Report to Electra Private Equity PLC

Corporate Governance

- 31 Objective and Investment Policy
- 32 Half Year Report
- 33 Responsibility Statement

Further Information

- 34 Information for Shareholders
- 36 Glossary
- 40 Contact Details



References in this Half Year Report to Electra Private Equity PLC and its subsidiaries have been abbreviated to 'Electra' or the 'Company'.

About Electra Private Equity PLC

Electra Private Equity PLC ("Electra" or the "Company") is a private equity investment trust which has been listed on the London Stock Exchange since 1976. As at 31 March 2018 its net assets were £425 million or 1,109p per share.

Electra's objective is to achieve a rate of Return on Equity ("ROE") of between 10% and 15% per year over the long term by investing in a portfolio of private equity assets.

Delivery of Electra's strategy is led by an executive team, directly accountable to the Board. G10 Capital Limited is the Alternative Investment Fund Manager for Electra Private Equity PLC.

The Company's capital allocation policy prioritises the return of capital to shareholders when prospective returns are low. Since 1 October 2016, the Company has distributed £1.8 billion (approximately 4,796p per share) to shareholders.

Chairman's Statement

As we approach the first anniversary of the internalisation of management of the Company on 1 June 2017, I am pleased to give an update both on the performance of the Company in the first half of the year and our strategic direction.

Our Net Asset Value ("NAV") as at 31 March of £425 million represents an uplift of 3.9% from 30 September 2017 (adjusted for the dividend paid in December). The movement in NAV reflects both the performance of investments in the period (considered further below) and the impact of our ongoing simplification and tidying up of the corporate structure and legacy issues. In relation to one such issue, the Company has recently received legal advice which adds greater clarity to the payment mechanics of carried interest to the former investment manager and has consequently recognised a credit of £23 million to the Consolidated Income Statement. As at 31 March the NAV included £22 million of cash and £75 million of money market funds.

Our focus portfolio of investments, the management of which will determine the future direction of the Company, comprises five corporate investments with a value as at 31 March 2018 of £311 million following investment of £11 million in the current financial year, (September 2017: £315 million). These five businesses can be considered in two categories:



Controlled Assets: TGI Fridays (£149 million) and Hotter Shoes (£30 million)

- Since 1 June 2017 we have been working closely with management to understand the businesses in detail, to optimise strategic and operational planning and to ensure robust implementation plans are in place. We have bought out non-management minority shareholders in each business to increase control and facilitate the actions necessary to grow value.
- As consumer businesses with a material retail presence the performance of both businesses was impacted by the unusually severe weather of February and March. We estimate that this reduced the valuation of these businesses as at 31 March by £15-20 million.
 - **TGI Fridays** is a well-run profitable business with a track record of outperforming its peers across the economic cycle. Demand in the casual dining sector remains strong. However cost pressure combined with oversupply has led to a challenging current environment. Future value creation is focused on a continued sustainable development plan and continuous operational improvement in anticipation of a sector recovery as competitors retrench following a period of unsustainable growth. The business is in a strong position to take advantage of opportunities in the sector as the current oversupply is addressed.
 - **Hotter Shoes** is a profitable business in a niche market. The business has significant opportunities to expand profitably beyond its current niche but has in the past been constrained by a lack of alignment of objectives between shareholders and under-investment. This has been addressed through the purchase of minority interests in April 2018. The business has a clearly defined value creation strategy which it is now in a position to implement, supported by shareholder investment.

Non-Controlled Assets: Photobox (£92 million), Knight Square (£34 million) and Sentinel (£6 million)

- These businesses are not controlled by the Company either as a consequence of having a minority interest (Photobox) or as a result of shareholder agreements put in place by the former manager (Knight Square and Sentinel).
 - **Photobox** is a business in the midst of significant internal change to deliver the integration, system improvements and management upgrades that form a key part of our investment hypothesis. The investment hypothesis remains valid.
 - **Knight Square** is a business that has been substantially turned around following its acquisition from administration. Performance indicated by lead KPIs is strong and the business is well placed to pursue an industry consolidation strategy. The current shareholder base may constrain implementation.
 - **Sentinel** has been stabilised following a material loss of market share to a new entrant in 2014 and, following release of new products and international expansion, is poised to return to growth.

Strategic Review Final Phase

Phase 2 of the Company's strategic review set out the strategy of optimising value for shareholders through a review of return on invested capital versus a return of cash to shareholders. The continued strong private equity market, particularly for secondary sales, has led the Board to choose to undertake a third, final phase of the review to evaluate the acceleration of selective divestment of some or all of the portfolio, including exploring offers for the Company as a whole, as a means of maximising shareholder value.

Throughout the course of Phase 3 the Company will continue to support its portfolio companies in delivery of their respective strategies through continuation of its existing investment policy.

It is expected that the outcome of Phase 3 of the strategic review will be communicated not later than September 2018; however further updates on timing and outcome will be communicated in due course.

Dividends

A Special Dividend of £349 million was declared in the current financial year and paid in December 2017.

Pending the outcome of the strategic review the Board announces payment of a Special Dividend of 25 pence per share, payable on 28 June 2018 to shareholders on the register on 8 June 2018.



Neil Johnson

Chairman

23 May 2018

Portfolio Review

Portfolio Movement

Electra's investment portfolio decreased from £358 million to £331 million during the six months to 31 March 2018. The decrease of £27 million resulted from realisation of £36 million of investments, offset by £11 million of new investments and a smaller impact from portfolio performance. Most investments in the portfolio have increased in value, although the two consumer businesses, TGI Fridays and Hotter Shoes, in common with most of the UK retail industry, suffered from unusually severe weather in the first quarter of 2018, causing the double impact on valuations of a short-term drop in EBITDA and consequent higher net debt positions. We estimate the impact on these asset valuations to have been £15-20 million.

Electra also holds money market funds of £75 million. These are short-term liquidity investments held for cash management purposes.

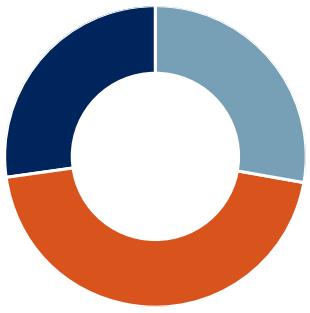
Six months ended 31 March	2018 £m	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m	
Opening investment portfolio	358	1,696	1,630	1,272	968	868	
Investments	11	4	158	129	134	204	
Realisations	(36)	(1,067)	(384)	(121)	(152)	(112)	
Investment return	(2)	246	299	211	89	161	
Closing investment portfolio	331	879	1,703	1,491	1,039	1,121	
		Fair value of holding at 30 September 2017 £m		Net investments/ (realisations) £m		Fair value of holding at 31 March 2018 £m	
Buyouts and Co-investments							
TGI Fridays		162	7	(20)	149		
Photobox Group		84	–	8	92		
Knight Square		28	–	6	34		
Hotter Shoes		38	4	(12)	30		
Sentinel Performance Solutions		3	–	3	6		
Special Products Company		2	–	1	3		
Other		4	(7)	7	4		
Total Buyouts and Co-investments	321	4	(7)		318		
Secondaries							
Other		2	(2)	1	1		
Total Secondaries	2	(2)	1		1		
Fund Investments							
Listed		9	(10)	1	–		
Funds		26	(17)	3	12		
Total Non-core Investments	35	(27)	4		12		
TOTAL INVESTMENT PORTFOLIO	358	(25)	(2)		331		



Casual Dining	45%
Household, Leisure and Personal Goods	28%
Clothing and Footwear	9%
Support Services	13%
Funds	4%
Other	1%

Investment Portfolio – Sector Breakdown

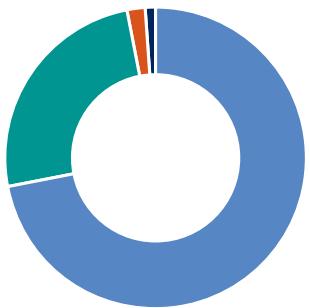
At 31 March	2018 %	2017 %
Casual Dining	45	14
Household, Leisure and Personal Goods	28	16
Clothing and Footwear	9	5
Support Services	13	41
Funds	4	12
Other	1	12



2-3 years	28%
3-4 years	45%
Over 4 years	27%

Investment Portfolio – Age Analysis

At 31 March	2018 %	2017 %
Less than 1 year old	–	8
1 - 2 years	–	22
2 - 3 years	28	17
3 - 4 years	45	6
Over 4 years	27	47



UK	72%
Continental Europe	25%
USA	2%
Asia and elsewhere	1%

Buyouts and Co-investments – Geographic Breakdown of Revenue

At 31 March	2018 %	2017 %
UK	72	72
Continental Europe	25	25
USA	2	2
Asia and elsewhere	1	1

Realisations

£36m

"Total realisations for the six months amounted to £36 million compared to £1,067 million in the corresponding period of the previous year."



AXIO	£4m
Promontoria	£1m
Other	£2m
Total Buyouts and Co-investments	£7m
Secondaries	£2m
Fund investments	£27m
Total Realisations	£36m

Key Investments Background

TGI FRIDAYS

Date of initial investment:	Dec 2014
Type of deal:	Buyout
Economic equity ownership:	83%
Cost:	£143m
Valuation:	£149m
Valuation:	Based on multiple of earnings
Multiple of cost:	1.0x
Location:	UK
Website:	www.tgifridays.co.uk
Management:	Karen Forrester, CEO; Murray Hennessy, Chairman



Year ended 31 December	2016 £m	2015 £m
Sales	211.0	190.3
Operating Profit	21.0	20.4
EBITDA	31.0	29.6
Return on Capital Employed ("ROCE")	9.6%	9.4%

In December 2014, Electra invested £99 million in the management buyout of the UK franchise of TGI Fridays ("TGIF") from its American parent. In July 2017, Epiris' 1% interest in the investment was purchased for £2 million. In August 2017, Electra invested a further £35 million as part of a refinancing which reduced third party debt and interest payments. In January 2018, £7 million was invested to buy out TGI Inc, the US franchise holder's stake in the business.

TGIF, which has the exclusive UK rights to operate under the TGI Fridays brand, has 82 American-styled restaurants in a range of locations, including city centres, shopping centres and leisure parks. This is an established brand which works well across the country. It offers bold, distinctive American food as well as an innovative cocktail list, and provides a high-energy, fun environment with a wide demographic appeal. Key to the success of the customer experience is the company's focus on hiring and retaining enthusiastic front-of-house staff to offer a high level of service. It demonstrates attractive financial characteristics, outperforming its peers across a range of key performance indicators and offering a high return on capital expenditure.

The casual dining sector is in a challenging period as reduced consumer discretionary spending and cost inflation has squeezed margins. A rapid expansion of a number of chains has led to overcapacity in the market and further depressed prices, as competitors resort to discounting to maintain sales volumes. Despite this difficult environment, TGIF has performed well, with 2017 growth of 2% in revenue on a 52-week basis. Severe weather in February and March 2018 impacted trading this year, but performance has since improved, indicating that this was a short-term effect.

TGIF's differentiated product, wide consumer appeal and focus on experience rather than discounting, leaves it in a stronger position than its competitors. The intention is to continue to grow through new restaurant openings as well as improving yield via pricing and marketing initiatives.



HOTTER SHOES

Date of initial investment:	Jan 2014
Type of deal:	Buyout
Economic equity ownership:	66%
Cost:	£89m
Valuation:	£30m
Valuation:	Based on multiple of earnings
Multiple of cost:	0.3x
Location:	International
Website:	www.hotter.com
Management:	Sara Prowse, CEO; Alan White, Chairman



Year ended 31 January	2017 £m	2016 £m
Sales	98.0	101.3
Operating Profit	4.3	3.4
EBITDA	9.0	8.3
ROCE	2.2%	1.7%

In January 2014, Electra invested £84 million in the management buyout of Hotter Shoes from the company's founder and Gresham LLP. In July 2017, as part of a wider transaction, £1 million was paid to Epiris for their 1% interest in the company. In October 2017, £4 million was invested into the business and, in April 2018, Electra bought out the founder's interest for £19 million.

Established in 1959, Hotter is Britain's largest shoe manufacturer and sells over two million pairs of shoes each year in the UK and internationally: in stores, in catalogues and online. The company, with a strong focus on comfort and service, targets customers whose age, health or lifestyle are such that they require more cushioned and supportive footwear. Sales had more than doubled in the four years prior to the buyout, driven by demographic change (in particular population ageing), international growth and the rapid roll-out of a retail store estate in the UK.

Since her appointment in 2016, after a difficult trading period for the company, the new Chief Executive strengthened the leadership team and commenced implementation of a turnaround plan focused on cash, inventory and cost management as well as retail performance improvement. A large investment is underway to improve IT systems across the business which will help to support future growth. Hotter Shoes is focusing investment into international growth opportunities and online sales. It is supporting this change by enhancing the product range and branding to attract a broader range of customers; in particular, a younger demographic that values comfort as well as style. The recent acquisition of the founder's interest in the business will enable implementation of this strategy.

The year to January 2018 showed growth in sales and EBITDA, particularly in the international and wholesale channels; but offset by difficult trading in the UK market. Performance in the first two months of this year suffered significantly due to severe weather in the UK which resulted in substantially lower footfall in stores across the country for a number of days in common with the UK retail sector. The impact of this is considered to be a one-off that does not reflect the true underlying performance of the business.

hotter®



KNIGHT SQUARE

Date of initial investment:	Mar 2012
Type of deal:	Buyout
Economic equity ownership:	50%
Cost:	£22m
Amount realised:	£14m
Valuation:	£34m
Valuation:	Based on multiple of earnings
Multiple of cost:	2.2x
Location:	UK
Website:	www.knightsquare.com
Management:	Paul Lester CBE, Chairman



Year ended 31 December	2016 £m	2015 £m
Sales	75.4	74.4
Operating Profit	5.6	9.5
EBITDA	11.3	14.3
ROCE	14.9%	20.1%

In 2012, Electra made a £22 million investment in the £62 million acquisition of Knight Square (formerly known as Peverel), the UK's leading property management services group, from its administrators. In October 2014, the company completed a refinancing that allowed it to make loan repayments of £14 million to Electra. In July 2017, Epiris's 1% interest in Knight Square was purchased.

The business has two divisions; FirstPort, which provides general management services to almost 4,000 retirement and other residential developments across the UK; and Appello, which provides telecare and telehealth installation and monitoring services that allow people to live independently.

Since the initial investment, process and service improvement initiatives have been undertaken. The company is now in a strong position to take advantage of its nationwide coverage and economies of scale, and opportunities arising from industry consolidation and continued demographic change.

FirstPort is demonstrating success in its new business development activities as well as increasing customer retention through improved service levels. Related costs, which have impacted recent EBITDA, are an investment in securing contracts which will improve future revenue and profit growth. FirstPort also acquired a competitor in the period, Pentland, which will aid future growth in addition to that generated from the existing business.

Appello is at an earlier stage in its turnaround and is improving its profitability as a result of operational efficiencies. Investment in operational technology will provide growth opportunities as the market shifts from analogue to digital systems.

PHOTOBOX GROUP

Date of initial investment:	Jan 2016
Type of deal:	Buyout
Economic equity ownership:	37%
Cost:	£90m
Valuation:	£92m
Valuation:	Based on multiple of earnings
Multiple of cost:	1.0x
Location:	Europe
Website:	www.group.photobox.com
Management:	Jody Ford, CEO; Douglas McCallum, Chairman



Year ended 30 April	2017 £m	2016 £m
Sales	326.0	295.9
Operating Profit	40.5	41.6
EBITDA	47.9	47.4
ROCE	10.0%	n/a

In January 2016, Electra invested £89 million in the acquisition of Photobox alongside Exponent Private Equity. In July 2017 Epiris's 1% interest in the investment was purchased for £1 million.

Photobox is Europe's leading digital consumer service for personalised products and gifts. It enables millions of customers to share memories by turning their digital photographs into a range of personalised products and gifts, from traditional prints and greetings cards to photobooks, calendars and canvases, using the group's websites, installed software and mobile applications. Products are manufactured across five production facilities and sold across Europe through the PhotoBox, Moonpig, Hofmann and posterXXL brands.

There has been significant investment in the management team over the last 12 months, following the appointment of a new CEO in July 2016. This has led to a number of product and pricing initiatives, which are designed to improve the group's operating margins. Combined with technology related projects on both the front end, to improve customer experience, and operationally on the back-end systems, these initiatives will fuel long-term growth. Due to its scale, Photobox is well placed to capture a greater share of a growing market as a result of the expansion in digital photography and the increased propensity to purchase personalised products. The strategy is to accelerate this through improving the rate and economics of customer acquisition as well as through product innovation.

Photobox saw strong sales performance in the financial year to April 2017 with 10% growth, but earnings were impacted by the technology investment. This operational improvement will be key in establishing a platform to drive future growth. In the current financial year Photobox has focused on reducing discounts and replacing this with broader marketing schemes. This has helped improve margins, although consumer demand may take time to adjust. Moonpig continues to be the standout division as customers switch from buying their cards in store to online.

photoboxgroup

SENTINEL PERFORMANCE SOLUTIONS

Date of initial investment:	Feb 2011
Type of deal:	Buyout
Economic equity ownership:	53%
Cost:	£17m
Valuation:	£6m
Valuation:	Based on multiple of earnings
Multiple of cost:	0.4x
Location:	Europe
Website:	www.sentinelprotects.com
Management:	Steve Goodwin, CEO; Nick Brayshaw, Chairman



Year ended 31 March	2017 £m	2016 £m
Sales	18.0	16.1
Operating Profit	1.7	0.3
EBITDA	3.0	2.2
ROCE	12.6%	7.5%

In February 2011, Electra invested £16 million in the buyout of Sentinel. The business subsequently encountered difficult trading conditions and, in December 2015, Sentinel agreed terms with its existing lender to amend and extend its debt facilities until March 2020 on improved terms. At this point Electra invested a further £1 million. In July 2017, Epiris's 1% interest in the investment was purchased.

Sentinel is a leading manufacturer of chemicals and physical devices to improve the performance and efficiency of residential heating and hot water systems. Sentinel's products achieve a premium price which reflects its strong brand, quality products and well-established relationships with key influencers in the sales process such as boiler manufacturers and RMI/construction project specifiers.

The markets in which Sentinel operates have become increasingly competitive in recent years, with a new entrant taking a significant share shortly after the 2011 transaction. Demand for Sentinel's products is supported by legislation (use is mandatory in the UK), energy efficiency targets and the resilience of the underlying boiler market, with consumers worried about increasing energy costs.

Revenue increased by 12% for the financial year ended March 2017, driven by good performance internationally as Sentinel continues on its recovery journey. Profits also grew as a direct result of sales volumes, but it still managed to invest heavily in research and development. In the current financial year a number of products suited for different markets are due for launch or have already launched. There are high expectations that this will maintain the growth levels recently reported, as they allow the company to increase market share in both existing and new markets.

SENTINEL®

CFO's Review

"Our review of the core portfolio, conducted by working closely with the management of each company, has given us assurance that each of the controlled companies within our portfolio has a strategy to grow value and a deliverable implementation plan. With progress having been made in simplification of our corporate structure and in resolving legacy issues, now is the right time to determine the ownership structure that will optimise shareholder value and best support the development of the portfolio companies."



Structure

This six-month period has been one of laying strong foundations for the future. We have begun the simplification of the now redundant complex corporate structure with the liquidation of a number of partnerships. These plans will continue in the second half covering UK and overseas companies as well as further partnerships. This will have the effect of reducing running costs and allowing increased focus on value creation.

In the period under review, the Company received legal advice which adds greater clarity to the payment mechanics of carried interest to the former management and has consequently recognised a credit of £23 million to the Consolidated Income Statement.

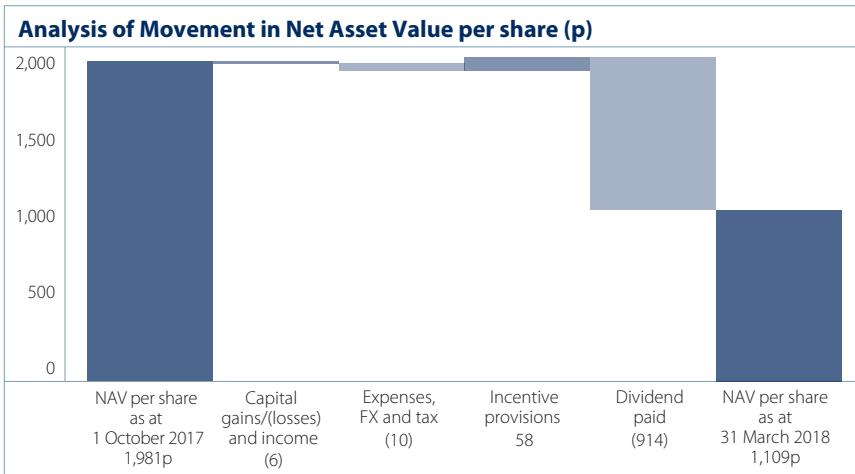
We have invested in the existing portfolio where appropriate in order to increase control and reduce barriers to strategic implementation. We acquired the 3.7% of TGI Fridays previously owned by TGI Inc, while increasing the length of the franchise. And shortly after the period end we bought out the other significant shareholder and loan note holder in Hotter Shoes for £19 million.

Our active approach to management of the controlled portfolio has confirmed significant value creation opportunities. With risk managed implementation plans now in place we are confident in the ability of these companies to deliver future shareholder value.

We have continued to dispose of assets that are non-core, realising cash for investment opportunities and returns to shareholders.

Total Shareholder Return ("TSR") and Analysis of Movement in Net Asset Value ("NAV") per share

The big impact in NAV this period was the payment of a Special Dividend of 914p per share (or £349 million), as announced with the full year results. The change to NAV caused by the portfolio has been an increase in the value of certain investments, while the two consumer businesses, TGI and Hotter Shoes, in common with most of the UK retail industry, suffered due to the weather in the first quarter of 2018, causing the double impact on valuations of a short-term drop in EBITDA and consequent higher net debt positions. The other notable impact on NAV came from a credit to the Income Statement from a reduction in the carry provision, as referred to above, following legal advice.



NAV per share total return was 2% for the period to 31 March 2018 (2017: 10%). TSR for the period was 0%, in line with performance of the FTSE 250 TSR. The Consolidated Income Statement on page 14 shows the total return for the period and, together with dividends of 914p per ordinary share paid during the period, explains the movement in NAV per share for the period to 31 March 2018.

	p
NAV per share as at 1 October 2017	1,981
Capital gains/(losses) and income	(6)
Expenses, FX and tax	(10)
Incentive provisions	58
Dividend paid	(914)
NAV per share as at 31 March 2018	1,109

Net Liquid Resources

The Consolidated Cash Flow Statement on page 17 analyses the movement in the Group's (Electra Private Equity PLC and its subsidiaries) cash for the six-month period. Cash on the Balance Sheet has decreased by £32 million to £22 million, and short-term liquid investments from £380 million to £75 million reflecting our revised strategy regarding surplus cash. As we had no short-term requirement for this cash, we returned £349 million of cash to shareholders in dividends in the period, just over the amount generated in the business in the same period.

Cash inflows were mainly related to sales of investments and investment income, which yielded approximately £379 million in cash, £344 million of which was sales of money market funds. After distributions, the next largest constituent of the cash outflow related to cash paid for investments of £50 million including £39 million in money market funds. In addition, there were payments of carried interest to the former manager of £6m and operating expenses and tax costs of approximately £6 million in the period.

Post half year, the Board has announced an Special Dividend of 25p per ordinary share (£10 million).

Gearing

At 31 March 2018, Electra was ungeared at the Group level. Certain companies of the portfolio are funded in part by third party debt. In line with our strategy to focus on long-term shareholder value, where we see a benefit from reducing third party debt and we have available capital, we will invest further in debt instruments in the portfolio companies.

Foreign Exchange

At 31 March 2018, the estimated foreign currency exposure in the Balance Sheet was €15 million and \$23 million based on the currency of underlying securities in the investment portfolio. The Euro has strengthened against Sterling by 1% and the US Dollar has strengthened by 5% during the period, resulting in a small gain in respect of the investment portfolio.

The geographical locations of revenue within the portfolio companies as at 31 March is reflected in the chart on page 5.

Also included in the Income Statement is a £31 million credit representing the recycling of foreign exchange gains previously recognised in the translation reserve. This item has been moved to the Income Statement as a result of the liquidation of one of the partnerships in the period and has no impact on NAV.

**Gavin Manson**

Chief Financial Officer

23 May 2018

Consolidated Income Statement (unaudited)

Note	For the six months ended 31 March	Revenue £m	Capital £m	2018 Total £m	Revenue £m	Capital £m	2017 Total £m
1,6	Investment income/net gain	4	11	15	47	199	246
	Gain on revaluation of foreign currencies	–	2	2	–	–	–
10	Incentive schemes	–	22	22	–	(30)	(30)
9	Priority profit share	–	–	–	(17)	–	(17)
9	Termination payment	–	–	–	(2)	–	(2)
	Income reversal	(17)	–	(17)	–	–	–
	Other expenses	(3)	–	(3)	(6)	–	(6)
	Recycling of gains on foreign exchange translation previously recognised in equity reserves	–	31	31	–	–	–
	Net Profit before Finance Costs and Taxation	(16)	66	50	22	169	191
	Taxation expenses	2	(2)	–	(3)	–	(3)
	Profit on Ordinary Activities after Taxation attributable to owners of the Group	(14)	64	50	19	169	188
4	Basic Earnings per Ordinary Share (pence)	(40.27)	168.36	128.09	47.14	432.20	479.34
4	Diluted Earnings per Ordinary Share (pence)	(40.27)	168.36	128.09	47.14	432.20	479.34
<p>The 'Total' columns of this statement represent the Group's Consolidated Income Statement prepared in accordance with International Financial Reporting Standards adopted by the EU ("IFRS"). The supplementary Revenue and Capital columns are both prepared under guidance published by the Association of Investment Companies.</p>							

Consolidated Statement of Comprehensive Income (unaudited)

Note	For the six months ended 31 March	2018 £m	2017 £m
	Profit for the period	50	188
	Items that may be subsequently reclassified to profit or loss		
	Exchange differences arising on consolidation	(3)	(1)
	Total Comprehensive Income attributable to owners of the Group	47	187

The Notes on pages 18 to 29 are an integral part of the Half Year Report.

Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 31 March 2018 for the Group

Note	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Translation reserve £m	Realised capital profits £m	Unrealised capital profits/ (losses) £m	Revenue reserves £m	Total equity £m	
10	Opening balance at 1 October 2017	9	123	35	(1)	12	616	(120)	84	758
	Net revenue loss added to the reserves	–	–	–	–	–	–	–	(14)	(14)
	Net profits on realisation of investments during the period	–	–	–	–	–	5	–	–	5
	Increase in value of non-current investments	–	–	–	–	–	–	6	–	6
	Decrease in incentive provisions	–	–	–	–	–	–	22	–	22
	Investments sold during the period	–	–	–	–	–	10	(10)	–	–
	Foreign currency translation on liquidation	–	–	–	–	(31)	31	–	–	–
	Foreign currency translation differences – other comprehensive income	–	–	–	–	(3)	–	–	–	(3)
	Total comprehensive income	–	–	–	–	(34)	46	18	(14)	16
	Dividends	–	–	–	–	–	(349)	–	–	(349)
At 31 March 2018		9	123	35	(1)	(22)	313	(102)	70	425

For the six months ended 31 March 2017 for the Group

Note	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Translation reserve £m	Realised capital profits £m	Unrealised capital profits/ (losses) £m	Revenue reserves £m	Total equity £m	
10	Opening balance at 1 October 2016	10	123	34	–	11	1,508	311	77	2,074
	Net revenue profit added to the reserves	–	–	–	–	–	–	–	19	19
	Net profits on realisation of investments during the period	–	–	–	–	–	106	–	–	106
	Increase in value of non-current investments	–	–	–	–	–	–	93	–	93
	Increase in incentive provisions	–	–	–	–	–	–	(30)	–	(30)
	Foreign currency translation differences – other comprehensive income	–	–	–	–	(1)	–	–	–	(1)
	Investments sold during the period	–	–	–	–	–	244	(244)	–	–
	Total comprehensive income	–	–	–	–	(1)	350	(181)	19	187
	Buy back of ordinary shares	(1)	–	1	–	–	(94)	–	–	(94)
	Dividends	–	–	–	–	–	(44)	–	–	(44)
At 31 March 2017		9	123	35	–	10	1,720	130	96	2,123

The Notes on pages 18 to 29 are an integral part of the Half Year Report.

Consolidated Balance Sheet (unaudited)

Note		31 March 2018 £m	30 September 2017 £m	31 March 2017 £m
	Non-Current Assets			
6	Investments held at fair value	320	321	879
		320	321	879
	Current Assets			
6	Investments held at fair value	75	380	–
6	Assets held for sale	11	37	–
	Trade and other receivables	–	1	–
	Current tax asset	1	–	–
	Cash and cash equivalents	22	54	1,373
		109	472	1,373
	Current Liabilities			
	Current tax liability	–	–	(3)
	Trade and other payables	(2)	(4)	(5)
9	Termination payment provision	–	–	(34)
	Total Current Liabilities	(2)	(4)	(42)
	Total Assets less Current Liabilities	427	789	2,210
	Non-Current Liabilities			
10	Provisions for liabilities and charges	(1)	(29)	(87)
	Deferred tax liability	(1)	(2)	–
	Non-Current Liabilities	(2)	(31)	(87)
	Net Assets	425	758	2,123
	Capital and Reserves			
7	Called up share capital	9	9	9
	Share premium	123	123	123
	Capital redemption reserve	35	35	35
	Own shares held	(1)	(1)	–
	Translation reserve	(22)	12	10
	Realised capital profits	313	616	1,720
	Unrealised capital profits/(losses)	(102)	(120)	130
	Revenue reserve	70	84	96
	Total Equity	425	758	2,123
5	Basic Net Asset Value per Ordinary Share (pence)	1,109.27	1,980.96	5,544.28
7	Ordinary Shares in issue at 31 March	38,282,763	38,282,763	38,282,763

The Notes on pages 18 to 29 are an integral part of the Half Year Report.

This Half Year Report was approved by the Directors on 23 May 2018 and was signed on their behalf by:



Neil Johnson

Chairman

Company Number: 00303062

Consolidated Cash Flow Statement (unaudited)

For the six months ended 31 March	2018 £m	2017 £m
Operating activities		
Purchase of investments	(50)	(4)
Amounts paid under incentive schemes	(6)	(192)
Sales of investments	377	1,006
Dividends and distributions received	1	3
Interest income received	1	61
Expenses paid	(5)	(23)
Cash generated from operations	318	851
Taxation (paid)/repaid	(1)	1
Net cash inflow from operating activities	317	852
Financing activities		
Dividends paid	(349)	(44)
Repurchase of own shares	–	(94)
Net cash used in financing activities	(349)	(138)
Net (decrease)/increase cash and cash equivalents	(32)	714
Cash and cash equivalents at 1 October	54	659
Cash and cash equivalents at 31 March	22	1,373

Notes to the Accounts (unaudited)

1 Segmental Analysis

The Group operates a single business segment for reporting purposes and is managed as a single investment company, with multiple investment categories including Buyouts and Co-investments, Secondaries, Debt and Funds. Reporting provided to the Board of Directors is on an aggregated basis. These investments are located across multiple geographic regions and revenues are allocated as follows:

	2018 £m
Investment income for the six months ended 31 March	
United Kingdom	7
Continental Europe	7
US	1
Total investment income/net gain	15

2 Dividends

	2018 £m	2017 £m
For the six months ended 31 March		
Third Special Dividend (914p per share)	349	–
Second 2016 Interim Dividend (110p per share)	–	44
	349	44

A Special Dividend of £10 million or 25p per share has been declared since 31 March 2018.

3 Income Reversal

Accrued income is recognised when the value of investment is greater than the value of any loan note associated with the investment. Income reversal is the reversal of accrued income recognised in previous periods arising from changes in valuation of certain investments.

4 Earnings per Share

	2018	2017
For the six months ended 31 March		
Net revenue profit attributable to ordinary shareholders (£m)	(14)	19
Net capital return attributable to ordinary shareholders (£m)	64	169
Net revenue profit on which diluted earnings per share calculated with finance charge net of taxation of £nil (2017: £nil) added back	(14)	19
Net capital return on which diluted earnings per share calculated (£m)	64	169
Total Basic and Diluted Return (£m)	50	188
Weighted average number of ordinary shares in issue during the period on which the undiluted profit per ordinary share was calculated	38,282,763	39,200,194
Weighted average number of ordinary shares in issue during the period on which the diluted profit per ordinary share was calculated	38,282,763	39,200,194

	Basic earnings per share 2018 p	Diluted earnings per share 2018 p	Basic earnings per share 2017 p	Diluted earnings per share 2017 p
Revenue profit per ordinary share	(40.27)	47.14	(40.27)	47.14
Capital return per ordinary share	168.36	432.20	168.36	432.20
Earnings per ordinary share	128.09	479.34	128.09	479.34

5 NAV per Ordinary Share

The NAV per share is calculated by dividing the NAV of £424,659,930 (2017: 2,122,503,000) by the number of ordinary shares in issue amounting to 38,282,763 (2017: 38,282,763).

6 Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated half year accounts do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 September 2017.

There have been no changes in the risk management policies and procedures since the year end.

The unlisted financial assets held at fair value are valued in accordance with the Principles of Valuation of Unlisted Equity Investments as detailed within the Basis of Accounting and Significant Accounting Policies (Note 12).

Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

The Group complies with IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Group to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for which any significant input to the valuation is not based on observable market data (unobservable inputs).

The determination of what constitutes 'observable' requires significant judgement by the Directors. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

6 Financial Instruments (continued)

The following tables represent the Group's and Company's assets by hierarchy levels, and all fair value measurements disclosed are recurring fair value measurements.

Financial Assets and Liabilities at Fair Value Through Profit or Loss

As at 31 March 2018	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Investments held at fair value	395	75	–	320
Investments held for sale	11	–	–	11
	406	75	–	331
As at 31 March 2017	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Investments held at fair value	879	62	–	817
	879	62	–	817

Investments whose values are based on quoted market prices in active markets are therefore classified within Level 1, which include active listed equities. The Group does not adjust the quoted price for these instruments. Investments classified within Level 1 are liquidity funds and a listed investment.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Investments classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not available for these securities, the Group has used valuation techniques to derive the fair value. Investments classified within Level 3 consist of private equity direct investments and fund and secondary positions.

The main inputs into the Group's valuation models for private equity investments are EBITDA multiples (based on a rolling 12 months' basis of the issuer and equivalent corresponding EBITDA multiples of comparable listed companies), quality of earnings assessments, assessments of third party external debt, comparability difference adjustments, cost of capital adjustments and probabilities of default. The Group also considers the original transaction prices, recent transactions in the same or similar instruments and completed third party transactions in comparable companies' instruments and adjusts the model as deemed necessary.

In determining the valuation for the Group's equity instruments, comparable trading multiples are used in arriving at the valuation for private equity. In accordance with the Group's policy, appropriate comparable public companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its EBITDA. The trading multiple is then adjusted for points of difference such as illiquidity, the markets in which the Company operates, its competitive position and other differences, advantages and disadvantages between the Group's portfolio company and the comparable public companies based on company specific facts and circumstances.

The value of private equity funds is primarily based on the latest available financial/capital account statement of the private equity fund. The Company may make adjustments to the value as set out in Note 12.

As at 31 March 2018, 4% (2017: 16%) of financial assets at fair value comprise of investments in private equity funds that have been valued in accordance with the policies set out in Note 12. The private equity funds are not publicly traded and prior to maturity an exit can only be made by the Company through a sale of its investment and commitment through a secondary market. The carrying values of the private equity funds may be significantly different from the values ultimately realised on an exit via a secondary market sale.

6 Financial Instruments (continued)

The following tables present the movement of assets measured at fair value, based on fair value measurement levels.

	Level 1 2018 £m	Level 1 2017 £m
Opening balance as at 30 September	389	54
Purchases	39	–
Realisations	(354)	(36)
Transfer from Level 3	–	46
Increase/(decrease) in valuation	1	(2)
Closing balance as at 31 March	75	62
	Level 3 2018 £m	Level 3 2017 £m
Opening balance as at 30 September	349	1,642
Purchases	11	4
Realisations	(26)	(1,031)
Transfer to Level 1	–	(46)
Increase/ decrease) in valuation	(3)	248
Closing balance as at 31 March	331	817

Increases or decreases in valuation are recognised as part of the investment income/net gain in the Consolidated Income Statement.

During the six-month period to 31 March 2017 transfers from Level 3 to Level 1 were £46,000,000. This relates to the ordinary shares of Premier Asset Management PLC which were listed on the London Stock Exchange in the period.

The tables below present those investments in portfolio companies whose fair values are recognised in whole or in part using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions in the same instrument and the effect of changing one or more of those assumptions behind the valuation techniques adopted based on reasonable possible alternative assumptions.

The changes in valuations disclosed in the table below show the relative increase or decrease in the input variables deemed to be subject to the most judgement and the respective impact on the fair value presented in the Accounts. Increase in the EBITDA multiple would each lead to an increase in estimated value. However, an increase in the comparability difference adjustment would lead to a decrease in value.

Description	Fair value March 2018 £m	Valuation technique	Unobservable inputs	Weighted average Input	Reasonable possible shift +/- (absolute value/%)	Change in valuation +/- £m
Consumer goods and services	271	Comparable trading multiples	EBITDA multiple	10.1x	1x	46/(46)
			Comparability difference adjustment	24%	5%	(29)/29
Property	4	Yield	Yield %	8%	1%	–
Business services	43	Comparable trading multiples	EBITDA multiple	12.2x	1x	4/(4)
			Comparability difference adjustment	41%	5%	(5)/5
Private equity funds	13	NAV valuation	NAV	n/a	5%	1/(1)

331

7 Called up Share Capital and Reserves

	2018 £m	2017 £m
Opening allotted, called-up and fully paid 38,282,763 (2016: 40,270,531) ordinary shares of 25p each	9	10
Ordinary Shares purchased by the Company nil (2017: 1,987,768)	–	(1)
Closing allotted, called-up and fully paid 38,282,763 (2017: 38,282,763) ordinary shares of 25p each	9	9

In the six months ended 31 March 2017, Electra repurchased 1,987,768 (5%) of its ordinary shares for £94 million or 4,650p per share. The expenses directly relating to the acquisition of £2 million have been charged against realised profit.

Own Shares Held

As a result of the new Long-Term Incentive plan introduced by the Group in 2017, 93,611 shares have since been purchased at a total market value of £1,235,362 by the Group's Employee Benefit Trust. In addition, a further 13,758 shares were purchased at a market value of £132,170 during the period for the purpose of a deferred Director's bonus. Both are recognised as Own Shares Held as at 31 March 2018.

Realised Capital Reserves

The realised capital reserve is the gains and losses on the realisation of investments.

Unrealised Capital Reserves

The unrealised capital reserve is the changes in the value of financial instruments measured at fair value which have been taken through profit and loss.

Revenue Reserves

Revenue reserves is the net revenue profit and losses of the Group.

Other Reserves

Other reserves included Subordinated Convertible Bonds that were converted into new ordinary shares of Electra. The share-based payment reserve of £220,534 was also included in the other reserve balance as at 31 March 2018.

8 Share-Based Payments

During 2017, a new Long-Term Incentive plan ("LTIP") was introduced in compensation to the executives of the Group. Subsequent to its grant of 47,783 nil value options in July 2017, the third Special Dividend was paid by the Company and this resulted in a corresponding reduction in the Company's share price. To compensate for the loss of value suffered by participants in the 2017 LTIP scheme, on 29 December 2017, the Company granted an additional 45,828 nil value options to existing participants in the scheme. The LTIPs is an equity settled share-based payment scheme. However, awards can be settled in cash equivalents at the discretion of the Group Remuneration Committee. For the purpose of classification, the LTIP is recognised as equity settled on the basis that the Group has no present obligation for settling awards in cash, contractually or constructively i.e. past practice.

The cost of share-based payments is recognised as an expense with a corresponding increase in the share-based payment reserve. Expenses are borne by the Group and recognised over the period in which vesting conditions are fulfilled. No expense is recognised for awards that do not ultimately vest. The total charge in the Consolidated Income Statement for the period to 31 March 2018 was £176,052 (2017: £nil).

8 Share-Based Payments (continued)

Details of the share-based payment scheme are as follows:

Grant Date	13 July 2017	29 December 2017
Number of shares granted	47,783	45,828
Market Price on Grant Date	£795,102	£440,260
Performance period	36 months	31 months
Vesting Date	13 July 2020	13 July 2020
	1. Continued services over the vesting period. 2. The Group's total shareholder return ("TSR") performance relative to that of a comparator group of companies, comprised of the constituents of the FTSE 250 Index (excluding investment trusts) over the vesting period. Vesting percentage of the award are as follows:	
Vesting conditions	TSR against comparator group over performance period	Percentage of award that vests
	Below median	0%
	Median	20%
	Between median and upper quartile	Between 20% and 100% straight-line
	Upper quartile or more	100%
Change in corporate control and other corporate events	All unvested awards shall vest on date of such event, subject to performance criteria at the discretion of the Remuneration Committee.	
Settlement method	Equity settled, with option of cash alternative determined by the Group Remuneration Committee.	

Consistent with the grant in 2017, the Directors consider that the market value of shares at the grant date materially reflects the variable inputs in the fair valuation of the nil-cost options granted. Assumptions that may result in changes to the share-based payment expense and reserves in the Group Financial Statements will be reassessed at all future reporting dates.

Analysis of movements in the number of options is set out below:

	2018 Group	2017 Group
Number of outstanding options		
As at 30 September	47,783	–
Granted during the period	45,828	–
As at 31 March	93,611	–

9 Related Party Transactions

Balances and transactions between the Company and its subsidiaries for Group are eliminated on consolidation. Details of transactions between the Group and Company and other related parties are disclosed below.

Termination Payment

On 26 May 2016, the Company served notice of termination of the Management and Investment Guideline Agreement on Epiris effective on 31 May 2017. At this date Epiris ceased to be a related party. Under the terms of their contract, Epiris were paid £34 million compensation, based on the Priority Profit Share received in the year to 31 May 2017. £32 million was accounted for during the year ended 30 September 2016 with the remaining £2 million being recognised during the six months ended 31 March 2017.

Carried Interest Schemes

Certain members of Epiris (the "participants") are entitled to benefit from carried interest schemes under the terms of the limited partnerships through which Electra invests. Details of these schemes are as follows:

Long Term Incentive Scheme ("LTI")

Under this scheme participants invested in every new investment made by Electra between 1995 and March 2006. In return, the participants are entitled to a percentage of the total capital and revenue profits made on each such investment. The participants do not receive any profit until Electra has received back its initial investment.

The Initial Pool

This relates to a pool of investments valued at £160 million at 31 March 2006 (the "initial pool"). Under this arrangement participants are entitled to 10% (the "carried interest") of the aggregate realised profits of the initial pool. The realised profits are calculated as being the aggregate of income and sale proceeds received by Electra less the £160 million opening value, less any additional purchases and less Priority Profit Share. Carried interest is payable only once realised profits exceed a preferred return of 15% compounded annually on the opening value of the initial pool plus the cost of further investments less realisations. A full catch-up is payable once the realised profits of the initial pool exceed the preferred return. This catch-up means that all proceeds above the cumulative preferred return accrue to participants until they have been paid an amount equating to 10% of the total realised profits of the initial pool. Thereafter proceeds are split 90%:10% between Electra and the participants.

2006, 2009, 2012 and 2015 Pools

In October 2006, new arrangements were entered into in respect of investments made over each consecutive three-year period. At the reporting date, such arrangements are in operation in relation to the three-year periods from 2006 to 2009, 2009 to 2012, 2012 to 2015 and 2015 to 2018 (investments being made in each such period being referred to as a "pool").

Under these arrangements participants are entitled to a carried interest of 18% of the aggregate realised profits in relation to direct investments in each pool. The realised profits are calculated as being the aggregate of income and sale proceeds received by Electra less the purchase costs of investments and less Priority Profit Share. Carried interest is payable only once realised profits exceed a preferred return of 8% compounded annually on the cost of investments less realisations. A full catch-up is payable once the realised profits exceed the preferred return. This catch-up means that all proceeds above the cumulative preferred return accrue to participants until they have been paid an amount equating to 18% of the total realised profits. Thereafter proceeds are split 82%:18% between Electra and the participants.

Similar arrangements are in place for indirect investments, the difference from the above arrangements being that the carried interest is 9% over an 8% preferred return.

No Directors of Electra participate in the above schemes.

9 Related Party Transactions (continued)

Summary of Carried Interest Pools

The following tables are for the comparative period only as Epiris was not a related party in the current period.

As at 31 March 2017	Initial Pool £m	2006 Pool £m	2009 Pool £m	2012 Pool £m	2015 Pool £m
Amount invested	(236)	(436)	(359)	(785)	(175)
Amount realised	687	798	834	1,368	9
Valuation of remaining investments	5	11	36	401	195
Pool profit	456	373	511	984	29
Multiple of cost	2.9	1.9	2.4	2.3	1.2
Priority Profit Share	(7)	(32)	(25)	(40)	(3)
Net profit	449	341	486	944	26

Summary of Provisions for Carried Interest

As at 31 March 2017	LTI £m	Initial Pool £m	2006 Pool £m	2009 Pool £m	2012 Pool £m	2015 Pool £m	20% Reduction* £m	Total £m
Provisional Entitlement	10	–	2	7	72	5	(8)	88
Outstanding Entitlement	1	1	–	–	–	–	–	2
Total Amount Outstanding	11	1	2	7	72	5	(8)	90
Amount Paid in Period	7	–	7	81	98	–	–	193

* The carried interest 20% reduction is explained further on page 36 of the Glossary.

Participants Investment

During the year ended 30 September 2017, the participants exercised their option to sell their remaining Participants Investments to the Group at a cost of £4 million and therefore no investments are held by the participants at 31 March 2018. This is referred to elsewhere in this report as 'Epiris's 1% interest'.

Electra Partners Club 2007 LP Co-investment Agreement

In November 2007, Electra entered into a co-investment agreement with Electra Partners Club 2007 LP ("Club"), a fund managed by Epiris Managers LLP. The co-investment agreement required Electra to co-invest at the ratio of 2:1 in all Epiris investments in private equity opportunities in Western Europe where the combined investment of Electra and the Club would represent a controlling stake and where the combined equity investment is between £25 million to £75 million. Both parties invested on the same terms and conditions. The agreement allowed for variations to these arrangements in certain prescribed circumstances, for example, where investment would compromise Electra's ability to qualify as an Investment Trust or where the Club would exceed certain concentration ratios. Investments that arise from interests that Electra already held prior to the establishment of the Club are unaffected by these sharing arrangements. These arrangements expired in May 2013.

9 Related Party Transactions (continued)

Priority Profit Share

For the six months ended 31 March 2018 Priority Profit Share of £nil (2017: £17 million) was paid to Epiris or any other related party.

Priority Profit Share paid to Epiris was calculated at 1.5% per annum on the gross value of the Company's investment portfolio including cash (but excluding any amounts committed to funds established and managed by Epiris).

In the six months to 31 March 2018 no deal fees (2017: £nil) were charged in relation to new investments. These fees were accounted for within the investment income line in the Income Statements. Under the terms of the limited partnership agreements, Epiris was entitled to receive 50% of the aggregate deal fees in excess of abort costs. This was achieved by increasing the Priority Profit Share for the period by the relevant amount.

Sherborne

Sherborne Investors Management LP ("Sherborne") was appointed as adviser to the Group on 22 December 2015. Their role was to advise the Group in connection with research and the formulation and making of proposals to the Board of Directors of the Group, and, in particular the Board of Directors' Management Engagement Committee, for the purpose of monitoring and supervising the performance of Epiris. Under the terms of the contract Sherborne are not entitled to a fee but are entitled to be reimbursed for all reasonable expenses. In the six months ended 31 March 2018 the Group paid Sherborne £41,962 (2017: £101,000) as reimbursement for travel and subsistence costs. Edward Bramson, a Director of Electra, is the managing member of Sherborne Investors Management LP.

10 Capital Commitments and Contingencies

As at 31 March	2018 £m	2017 £m
Commitments to private equity funds	–	50
	–	50

Carried Interest

The Company has recently received legal advice which adds greater clarity to the payment mechanics of carried interest to the former investment manager and has consequently recognised a credit of £23 million to the Income Statement representing a reduction in the Directors' assessment of the provision required. While the Directors are confident in their assessment it is possible that the former manager may dispute the approach adopted. The Directors' current understanding is that all carry payments to date were appropriate.

11 Post Balance Sheet Event

As announced and approved at the Annual General Meeting on 1 March 2018, in early April 2018, participants in the 2017 Executive Share of Value Plan ("SoVP") have been granted units in the plan.

In April 2018, Electra bought out the founder share of the Hotter Shoes business bringing the total company's ownership to 90%.

12 Basis of Accounting and Significant Accounting Policies

The Half Year Report is unaudited and does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006.

The statutory Financial Statements for the year ended 30 September 2017, which were prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The Auditor's opinion on those Financial Statements was unqualified and did not contain a statement made under Section 498(2) or Section 498(3) of the Companies Act 2006.

The condensed consolidated interim Financial Statements comprise the Consolidated Balance Sheets as at 31 March 2018, 30 September 2017 and 31 March 2017 and for the six months ended 31 March 2018 and 31 March 2017, the related Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related Notes hereinafter collectively referred to as "financial information".

The condensed consolidated interim Financial Statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, IAS 34 and the principal accounting policies and key estimates set out in the Annual Report for the year ended 30 September 2017 which is available on Electra's website (www.electraequity.com). The condensed consolidated interim Financial Statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value.

Application of New Standards

The following new IFRSs have been issued by the IASB. IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are effective for annual periods beginning on or after 1 January 2018. IFRS 16 Leases is effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted these standards for the six months ended 31 March 2018, however full impact assessments on IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have been completed.

IFRS 9 Financial Instruments

Financial assets within the Group are measured either at fair value or amortised cost. Those measured at amortised cost are held wholly for the purpose of collecting contractual cash flows and so will remain valued in this way. Therefore the new requirements on initial recognition and subsequent measurement of financial assets under IFRS 9 are not expected to have any impact on the Group.

There are currently no hedging arrangements in the Group. Therefore requirements on hedging and hedge accounting under IFRS 9 are considered to be not applicable. Should hedging arrangements be put in place in future, the provisions of IFRS 9 will be considered.

As at 31 March 2018, the Group held a loans and receivables balance of £1 million in total. The Group will implement a 12-month expected credit loss model on adoption of IFRS 9. This is not expected to be materially different to the current incurred credit loss model.

IFRS 15 Revenue from Contracts with Customers

The main revenue generating assets held by the Group are classified as financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement and will be within the scope of IFRS 9 Financial Instruments when it becomes effective. On this basis, the Group's main revenue stream will be outside the scope of IFRS 15. Sundry revenue generated by the Group during 2018 amounted to less than £0.2 million and is expected to stay at similar levels in future periods.

12 Basis of Accounting and Significant Accounting Policies (continued)

IFRS 16 Leases

An impact assessment of IFRS 16 is ongoing and the Group will publish the results of the assessment and details of implementation in the Financial Statements for the year ending 30 September 2018. While there will be an impact of implementing this standard, this is not expected to be material.

The following amended standards became effective for accounting period commencing on or after 1 January 2017 and have been adopted by the Group from 1 October 2017. There has been no material impact on the unaudited Consolidated Financial Statements of the Group following the adoption.

- IFRS 2 (amendments) – Classification and Measurement of Share-based Payment Transactions
- IAS 7 (amendments) – Disclosure Initiative
- IAS 12 (amendments) – Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 10 and IAS 28 (amendments) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Investments

Purchases and sales of listed investments are recognised on the trade date where a contract exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. Investments are designated at fair value through profit or loss (described in the Financial Statements as investments held at fair value) and are subsequently measured at reporting dates at fair value. The fair value of direct unquoted investments is calculated in accordance with the Principles of Valuation of Investments below.

Principles of Valuation of Investments

On 26 May 2016 the Company served notice of termination of the Management and Investment Guideline Agreement on Epiris effective on 31 May 2017, and appointed G10 Capital Limited ("G10") as its AIFM from 1 June 2017.

(i) General

The Group estimates the fair value of each investment at the reporting date in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines.

Fair value is the price for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating fair value, the Group applies a valuation technique which is appropriate in light of the nature, facts and circumstances of the investment and uses reasonable current market data and inputs combined with judgement and assumptions. Valuation techniques are applied consistently from one reporting date to another except where a change in technique results in a better estimate of fair value.

The Group tests its valuation techniques using a tool known as "calibration". This compares the inputs and assumptions used in estimating fair value on the reporting date to those used on previous reporting dates and to those underlying the initial entry price of an investment in order to ensure that the inputs and assumptions used on the reporting date are consistent with those used previously.

In general, the Group will determine the enterprise value of the investee company in question using one of a range of valuation techniques; adjust the enterprise value for factors that would normally be taken into account such as surplus assets, excess liabilities or other contingencies or relevant factors; and apportion the resulting amount between the investee company's relevant financial instruments according to their ranking and taking into account the effect of any instrument that may dilute the economic entitlement of a given instrument.

(ii) Unlisted Equity Investments

In respect of each unlisted investment, the Group selects one or more of the following valuation techniques:

- A market approach, based on the price of the recent investment, earnings multiples or industry valuation benchmarks;
- An income approach, employing a discounted cash flow technique; and
- A replacement cost approach valuing the net assets of the portfolio company.

12 Basis of Accounting and Significant Accounting Policies (continued)

In assessing whether a methodology is appropriate, the Group maximises the use of techniques that draw heavily on observable market-based measures of risk and return.

Price of Recent Investment

Where the investment being valued was itself made recently, its cost may provide a good indication of fair value. Using the Price of Recent Investment technique is not a default and at each reporting date the fair value of recent investments is estimated to assess whether changes or events subsequent to the relevant transaction would imply a change in the investment's fair value.

Multiple

Typically the Group uses an earnings multiple technique. This involves the application of an appropriate and reasonable multiple to the maintainable earnings of an investee company.

The Group usually derives a multiple by reference to current market-based multiples, reflected in the market valuations of quoted comparable companies or the price at which comparable companies have changed ownership. Differences between these market-based multiples and the investee company being valued are reflected by adjusting the multiple for points of difference which might affect the risk and earnings growth prospects which underpin the earnings multiple. Such points of difference might include the relative size and diversity of the entities, rate of earnings growth, reliance on a small number of key employees, diversity of product ranges, diversity and quality of customer base, level of borrowing, any other reason the quality of earnings may differ.

In respect of maintainable earnings, the Group usually uses earnings for the most recent 12 month period adjusted if necessary to represent a reasonable estimate of maintainable earnings. Such adjustments might include exceptional or non-recurring items, the impact of discontinued activities and acquisitions, or forecast material changes in earnings.

In some circumstances the Group may apply a multiple to the net assets of a business, typically where the business' value derives mainly from the underlying fair value of its assets rather than its earnings, such as property holding companies.

Discounted Cash Flow

The Discounted Cash Flow technique involves deriving the value of a business or an investment by calculating the present value of the estimated future cash flows from that business or investment using reasonable assumptions and estimations of expected future cash flows, the terminal value or maturity amount and date, and the appropriate risk-adjusted rate that captures the risk inherent to the business or investment. The Group usually uses the Discounted Cash Flow technique in respect of certain debt investments or where the realisation of an investment is imminent with the pricing of the relevant transaction being substantially agreed such that the technique is likely to be the most appropriate one.

(iii) Listed Investments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and transactions for an asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market price used for listed financial instruments held by the Group is the bid price on the reporting date.

(iv) Fund Investments

In determining the fair value of investments in funds the NAV of the fund is used as the starting point. The Group may make adjustments to the reported NAV to reflect, for example, purchases and sales occurring between the fund's measurement date and the reporting date, or any other facts or circumstances which might impact the fair value of the fund.

(v) Money Market/Liquidity Funds

Liquidity funds are held at the current fair value of the note.

(vi) Accrued Income

Accrued income is included within investment valuations.

Independent Review Report to Electra Private Equity PLC

We have been engaged by the Company to review the condensed set of Financial Statements in the half-yearly financial report for the six months ended 31 March 2018 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows and the related notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 12, the annual Financial Statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of Financial Statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of Financial Statements in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of Financial Statements in the half-yearly financial report for the six months ended 31 March 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, United Kingdom
23 May 2018

Objective and Investment Policy

Electra has been quoted on the London Stock Exchange since 1976. Electra is managed as an HM Revenue and Customs approved investment trust and invests primarily in the private equity mid-market.

Electra's objective is to achieve a rate of Return on Equity ("ROE") of between 10-15% per year over the long term by investing in a portfolio of private equity assets.

The investment focus is principally on Western Europe, with the majority of investments made in the United Kingdom.

The Company attempts to mitigate risk through portfolio diversification. Investments will therefore be made across a broad range of sectors and industries. At the time of investment, not more than 15% of Electra's total assets will typically be invested in any single investment. If Electra acquires a portfolio of companies in a single transaction, this limitation shall be applied individually to each of the underlying companies purchased and not to the portfolio as a whole.

Electra has a policy to maintain total gearing below 40% of its total assets.

Electra has a policy to return to shareholders a targeted 3% of NAV per annum, by way of cash dividend or share buybacks. Any shares bought back under this policy will be cancelled.

Half Year Report

Current and Future Development

A review of the main features of the six months to 31 March 2018 is contained in the Chairman's Statement and Portfolio Review which are on pages 2 to 10.

Performance

A detailed review of performance during the six months to 31 March 2018 is contained in the Portfolio Review on pages 4 to 10.

Risk Management

The Company has put in place an Investment Management Agreement with G10 Capital Limited ("G10" or "the Manager") for the provision of risk management services as required by the AIFMD rules. The Manager has oversight of risk management and the ongoing process of identifying, evaluating, monitoring and managing the risks facing the Company in accordance with AIFMD. Prior to 1 June 2017, the responsibility for risk management was delegated to Epiris, the former AIFM of the Company, under the supervision of the Board.

The Principal Risks facing the Company are considered by the Board to be Macroeconomic Risks, Strategy Implementation Risks, Investment Risks, Portfolio Diversification Risk, Cash Drag Risk, Valuation Risk, Operational Risk, Gearing Risks, and Foreign Currency Risks as set out in the Company's Annual Report and Accounts for the year ended 30 September 2017 along with the risks detailed in Note 19 of the Notes to the Financial Statements for the same year. The principal risks identified in the Company's Annual Report and Accounts for the year ended 30 September 2017 have not changed significantly since the year end.

Related Party Transactions

Details of Related Party Transactions are contained in Note 9 of the Notes to the Accounts for the six months ended 31 March 2018.

Going Concern

The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Half Year Report and Accounts as the Company has adequate resources to continue in operational existence for the foreseeable future.

Forward Looking Statements

Certain statements in this Half Year Report are forward looking. Although the Company believes that the expectations in these forward looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. The Company undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Responsibility Statement

The Directors confirm to the best of their knowledge that:

- a) the condensed consolidated interim Financial Statements have been prepared in accordance with IAS 34 as adopted by the European Union.
- b) The Half Year Management Report includes a fair review of the information required by:
 - (i) DTR 4.2.7 of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (ii) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board of Directors

Neil Johnson

Chairman

23 May 2018

Information for Shareholders

Financial Calendar for 2017/18

Half-year Results announced	May 2018
Annual Results announced	December 2018
Annual General Meeting	March 2019

Website and Electra News via Email

For further information on share prices, regulatory news and other information, visit www.electraequity.com.

If you would like to receive updates from us, please visit the Electra website at www.electraequity.com and click on the "Subscribe to receive news alerts" logo on the Home page. Registering for email alerts will not stop you receiving Annual Reports or any other documents you have selected to receive by post or electronically.

Shareholder Enquiries

In the event of queries regarding your ordinary shareholding, contact the Company's registrar, Equiniti Limited, who will be able to assist you with:

- Registered holdings
- Balance queries
- Lost certificates
- Change of address notifications

Equiniti Limited's full details are provided on page 40 or please visit www.equiniti.com.

If you are an existing shareholder and wish to buy more/sell your shares in Electra:

An internet and telephone dealing service has been arranged through Equiniti, which provides a simple way for UK shareholders of Electra to buy or sell Electra's shares. For full details and terms and conditions simply log onto www.shareview.co.uk/dealing or call 0371 384 2351. Please note that lines are open 8.30am to 5.30pm (UK time) Monday to Friday (excluding public holidays in England and Wales).

The service is only available to shareholders of Electra who hold shares in their own name, with a UK registered address, who are aged 18 and over.

Shareview Dealing is provided by Equiniti Financial Services Limited. Equiniti Financial Services Limited is authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (FCA reference 468631). Equiniti Financial Services Limited is registered in England and Wales with number 6208699.

If you are not an existing shareholder:

We recommend you seek your own personal financial advice from an appropriately qualified independent adviser or alternatively contact your own broker. Electra Private Equity PLC's shares are listed on the London Stock Exchange as ELTA.

Please note: The above information is not a recommendation to buy or sell shares. The value of shares and any income from them can fluctuate and you may get back less than the amount invested. If you have any doubt over what action you should take, please contact an authorised financial adviser.

Distribution Policy

In February 2015, a distribution policy was announced whereby Electra proposed to return to shareholders a targeted 3% of NAV per annum, by way of cash dividend or share buybacks. Any shares bought back under this policy will be cancelled.

Dividend Reinvestment Plan

A Dividend Reinvestment Plan (the "Plan") has been arranged with Equiniti, the registrar, whereby existing shareholders have the option of reinvesting any dividend payments to buy more fully paid ordinary shares in the Company. The DRIP option was not available for any of the dividends paid in 2017 or for the Special Dividend announced on 24 May 2018.

For further details on the Plan please call the Equiniti helpline on 0371 384 2351* (or +44 121 415 7047 if calling from outside the United Kingdom).

* Lines open 8.30am to 5.30pm (UK time), Monday to Friday, excluding public holidays in England and Wales.

Trading Information – Ordinary Shares

Listing	London Stock Exchange
ISIN	GB0003085445
SEDOL	0308544
Ticker/EPIC code	ELTA
Bloomberg	ELTALN
Reuters	ELTAL

Share Fraud Warning

We are aware that in the past a number of shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based brokers who target UK shareholders, offering to sell them what often turn out to be worthless or high-risk shares. These operations are commonly known as Boiler Room scams.

Please be very wary of any such calls or correspondence. Ask for the name and organisation of the person calling you and check if they can be found on the FCA Register. If they are not listed, please report it directly to the FCA using their consumer helpline (0800 111 6768). You may also wish to advise us by telephoning 020 3874 8300 or emailing IR@electraplcc.com.

It is very unlikely that either the Company or the Company's Registrars, Equiniti, would make unsolicited telephone calls to shareholders. Such calls would only relate to official documentation already circulated to shareholders and never be in respect of investment advice.

Please remember that if you use an unauthorised firm to buy or sell shares, you will not be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong.

Other Useful Websites

LPEQ

LPEQ is a group of private equity investment trusts and similar vehicles listed on the London Stock Exchange and other major European stock markets, formed to raise awareness and increase understanding of listed private equity.

LPEQ provides information on private equity in general, and the listed sector in particular, undertaking and publishing research and working to improve levels of knowledge about private equity among investors and their advisers.

For further information visit www.lpeq.com

Association of Investment Companies (AIC)

The AIC is the trade organisation for closed-ended investment companies. The AIC represents a broad range of closed-ended investment companies, including investment trusts, offshore investment companies and venture capital trusts which are traded on the London Stock Exchange, Alternative Investment Market, Special Financials Market, Euronext and the Channel Islands Stock Exchange.

For further information visit www.theaic.co.uk

British Private Equity & Venture Capital Association (BVCA)

The BVCA is the industry body and public policy advocate for the private equity and venture capital industry in the UK. The BVCA's aim is to aid understanding around the activities of its members, promote the private equity and venture capital industry to entrepreneurs and investors as well as to Government, the EU, trade unions, international media and the general public. They communicate the industry's impact and reinforce the crucial role its members play in the global economy as a catalyst for change and growth.

For further information visit www.bvca.co.uk

Glossary

AIF

Alternative Investment Fund. Electra Private Equity PLC is an AIF.

AIFM

Alternative Investment Fund Manager (AFIM) from 1 June 2017 for Electra Private Equity PLC is G10. Epiris Managers LLP was the AIFM for Electra Private Equity PLC until 31 May 2017.

AIFMD

Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament.

Carried Interest

The incentive arrangements, which were similar to arrangements found elsewhere in the private equity industry, were designed to align previous managers interests with those of Electra's shareholders. These arrangements are typically referred to as "carried interest".

The carried interest payable to previous managers was based on three-year pools of investments. Under the terms of the arrangement all qualifying investments in a three-year period were aggregated into a separate pool. Electra must first receive back the aggregate cost of all the investments in the pool, plus related priority profit share (see below) and an 8% compound return (this is often referred to as the "hurdle"). Once Electra has received sufficient cash to pay the amounts as described above, the previous managers were entitled to a carried interest of 18% of the profits. Consequently, they will receive the next 18/82 of the hurdle so that they will have an amount equal to 18% of the profits on the pool up to that point (this is referred to as a "catch up"). Thereafter, Electra and previous managers would share future cash flows in the ratio of 82:18.

Below is an example to illustrate in principle how the above described arrangements work:

	£m	Assumptions
Amount invested	500	Amount invested and priority profit share
Amount realised	1,000	Realised after year five
Pool profit	500	
Hurdle	(210)	8% per annum compound
Catch up	46	18/82 of the hurdle
Balance	44	The amount over the hurdle to get to an aggregate 18% of the pool profit
Total carry	90	18%
Electra	410	82%

On 31 May 2017, when the contract with the previous managers terminated, any provision on post 2006 Pools, which was unpaid at that date, and any future uplift to it will be reduced by 20% which will revert back to the Company.

Commitments

Legal obligation to provide capital for future investment in a private equity fund or in relation to a single investment.

Discount

Investment trust shares frequently trade at a discount to NAV. This occurs when the share price is less than the NAV per share. In this circumstance, the price that a shareholder would pay or receive for a share would be less than the value attributable to it by reference to the underlying assets. Traditionally expressed as a percentage.

Distributions to Paid-In Capital (DPI)

DPI, or realisation multiple, is defined by the Global Investment Performance Standards published by the CFA Institute and is the ratio of Distributions to Paid-In Capital. It measures, since inception, the cash received by a fund's investors relative to the amount contributed to the fund by those investors. DPI below comprises cumulative realisations net of investment management fees (PPS and carried interest) in the numerator and original investment cost in the denominator in respect of each fund.

	2006 Pool	2009 Pool	2012 Pool	2015 Pool
Amount distributed (£m)	808	876	1,607	198
Notional PPS (£m)	(32)	(26)	(42)	(5)
Carried interest paid (£m)	(61)	(88)	(140)	—
	715	762	1,425	193
Amount invested (£m)	(436)	(359)	(785)	(220)
DPI	1.6x	2.0x	1.8x	0.9x

Earnings Multiple

This is normally referred to as a price earnings ("P/E") ratio. It is the ratio of a company's valuation compared to its earnings.

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation. Often used to compare the profitability of similar companies.

EBITA

Earnings Before Interest, Tax and Amortisation.

EBITDA Margin

EBITDA expressed as a percentage derived by dividing EBITDA by net sales.

EV (enterprise value)

This is the aggregate value of a company's entire issued share capital and net debt.

Gearing

This is the level of a company's debt related to its equity capital and is usually expressed in percentage form. It shows the extent to which a company is funded by lenders as opposed to shareholders.

Hedging

Hedging is an investment technique designed to offset a potential loss on one investment by purchasing a second investment that is expected to perform in the opposite way.

Investment Return

This is the aggregate of income and capital profits and losses from the Investment Portfolio. This is sometimes disclosed as portfolio return. This is a common measure used by investment companies.

IPO (initial public offering)

An offering by a company of its share capital to the public with a view to seeking an admission of its shares to a recognised stock exchange.

IRR (internal rate of return)

Is the annualised return on an investment calculated from the cash flows arising from that investment taking account of the timing of each cash flow. It is derived by computing the discount rate at which the present value of all subsequent cash flows arising from an investment are equal to the original amount invested. Where an IRR is stated to be net, this denotes that it has been calculated net of investment management fees (PPS and carried interest).

Listed Company

Any company where the shares are freely tradable and are listed or traded on a recognised stock exchange.

NAV

This is the value of all the Company's assets minus current and long-term liabilities. Can also be referred to as 'shareholders' funds'.

NAV per share

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing 'shareholders' funds' by the total number of ordinary shares in issue. This is a common measure used by investment companies.

NAV Total Return

The total return to shareholders is the aggregate of income and capital profits of the investment portfolio for the period less all costs. It can be expressed as a percentage of the opening position. This is a common measure used by investment companies.

Reported under IFRS	Six months ended March 2018	Six months ended March 2017
Dividend per share (pence)	914	110
(Decrease)/increase in NAV per share (pence)	(872)	395
Total return (pence)	42	505
Opening NAV per share (pence)	1,981	5,149
NAV total return	2%	10%

Calculation of Diluted and Basic NAV

The unaudited NAV per share at 31 March 2018 is calculated on the basis of the 38,282,763 ordinary shares in issue at 31 March 2018.

The audited NAV per share at 30 September 2017 was calculated on the basis of the 38,282,763 ordinary shares in issue at 30 September 2017.

Permanent Capital

An investment entity that manages capital for an unlimited time horizon.

Priority Profit Share

This is a share of profits equivalent to a management fee. It is calculated at 1.5% of the gross value of the Company's core investment portfolio and 1% of the gross value of the Company's Non-Core Listed and Primary Fund Investments, no fee is paid on cash. Following the Board's decision to serve notice of termination of the management agreement in May 2016, the management fee reverted back to the structure in place prior to 1 April 2015, whereby the Company paid the Manager 1.5% on assets held in cash (rather than nil) and 1.5% was paid on non-core investments (rather than 1%) as well as 1.5% on core assets.

Return on Equity (ROE)

This is the total return divided by opening shareholder funds. Electra's ROE has been calculated by taking the percentage change in NAV per share and adding back dividends paid per share. This is a common measure used by investment companies.

Reported under IFRS	10 Year Annualised 2018	10 Year Annualised 2017
Closing NAV per share (pence)	1,109	5,544
Dividends per share during the period (pence)	4,710	295
Opening NAV per share (pence)	1,910	1,811
Return on Equity	12%	13%

Total Shareholder Return (TSR)

TSR is the percentage increase in share price over the period, where the closing price is multiplied by an adjustment factor for each dividend paid in the year ('dividend adjusted closing price').

To calculate the dividend adjusted closing price, the closing price is multiplied by an adjustment factor for each dividend paid in the year. The adjustment factor is the share price on the day prior to the ex-dividend date divided by the amount of the dividend subtracted from that prior day's price. Where there are multiple dividends in the year, the cumulative adjustment factor is the product of the adjustment factor for each dividend paid.

	Share Price (p)	Dividend Adjustment Factor	Dividend Adjusted Share Price (p)
30/09/2017	1,665	–	1,665
31/03/2018	850	1.96	1,666
Total Shareholder Return (%)			0%
	Dividend per Share (p)	Share Price Prior to Ex-Div Date (p)	Adjustment Factor
02/11/2017	914	1,867	1.96
Cumulative Adjustment Factor			1.96

Termination Payment

On 26 May 2016 the Company served notice of termination of the Management and Investment Guideline Agreement on Epiris. This termination became effective on 31 May 2017. Under the terms of the contract the previous manager was entitled to compensation based on priority profit share received in the year to 31 May 2017.

Total Value to Paid-In Capital (TVPI)

TVPI, or investment multiple, is defined by the Global Investment Performance Standards published by the CFA Institute and is the ratio of Total Value to Paid-In capital. It measures, since inception, the aggregate of the cash received by and the residual value attributable to a fund's investors relative to the amount contributed to the fund by those investors. TVPI below comprises cumulative realisations and fair value net of investment management fees (PPS and carried interest) in the numerator and original investment cost in the denominator in respect of each pool.

	2006 Pool	2009 Pool	2012 Pool	2015 Pool
Amount distributed (£m)	808	876	1,607	198
Remaining valuation (£m)	–	–	134	45
Notional PPS (£m)	(32)	(26)	(42)	(5)
Carried interest paid and provision (£m)	(61)	(88)	(140)	–
	715	762	1,559	238
Amount invested (£m)	(436)	(359)	(785)	(220)
TVPI	1.6x	2.1x	2.0x	1.1x

Return on Capital Employed (ROCE)

ROCE is the EBITA divided by Capital Employed. ROCE has been used to compare the efficiency with which the portfolio companies employ their capital.

NAV Uplift

This is the closing NAV divided by adjusted opening NAV. This is a common measure used by investment companies.

	Six months ended March 2018	Six months ended March 2017
Opening NAV	758	2,074
Dividends during the period	(349)	(44)
Adjustment opening NAV	409	2,030
Closing NAV	425	2,123
Uplift	16	93
NAV Uplift %	3.9%	4.6%

Unlisted Company

Any company whose shares are not listed or traded on a recognised stock exchange.

Contact Details

Electra Private Equity PLC

Board of Directors

Neil Johnson (Chairman)

Edward Bramson

Ian Brindle

Paul Goodson

David Lis

Gavin Manson (Chief Financial Officer)

Roger Perkin

Linda Wilding

Telephone +44 (0)20 3874 8300

www.electraequity.com

Company Secretary

Frostrow Capital LLP

25 Southampton Buildings,

London, England, WC2A 1AL

Telephone +44 (0)20 3008 4910

Registered Office

(Registered in England:

Company No. 00303062)

First Floor,

50 Grosvenor Hill,

London, England, W1K 3QT

Investor Relations

Gavin Manson

Telephone +44 (0)20 3874 8300

Email IR@electraequity.com

Registered Independent Auditors

Deloitte LLP

Statutory Auditor

Hill House,

1 Little New Street,

London, England, EC4A 3TR

Alternative Investment Fund Manager

G10 Capital Limited

136 Buckingham Palace Road,

London, England, SW1W 9SA

Joint Stockbrokers

HSBC

8 Canada Square, Canary Wharf,

London, England, E14 5HQ

Morgan Stanley Investment

Management Limited

25 Cabot Square, Canary Wharf,

London, England, E14 4QA

Depository

Ipes Depositary (UK) Limited

9th Floor,

No 1 Minster Court,

Mincing Lane,

London, England, EC3R 7AA

Registrar and Transfer Office

Equiniti Limited

Aspect House,

Spencer Road,

Lancing, West Sussex,

England, BN99 6DA

Telephone (UK) 0371 384 2351 *

Textel/Hard of hearing line (UK) 0371 384 2255 *

Telephone (Overseas) +44 121 415 7047

* Lines open 8.30am to

5.30pm (UK time),

Monday to Friday

(excluding public holidays in

England and Wales).

Contents

Strategic and Business Review

- 1 About Electra Private Equity PLC
- 2 Chairman's Statement
- 4 Portfolio Review
- 6 Key Investments Background
- 11 CFO's Review

Accounts

- 14 Consolidated Income Statement (unaudited)
- 14 Consolidated Statement of Comprehensive Income (unaudited)
- 15 Consolidated Statement of Changes in Equity (unaudited)
- 16 Consolidated Balance Sheet (unaudited)
- 17 Consolidated Cash Flow Statement (unaudited)
- 18 Notes to the Accounts (unaudited)
- 30 Independent Review Report to Electra Private Equity PLC

Corporate Governance

- 31 Objective and Investment Policy
- 32 Half Year Report
- 33 Responsibility Statement

Further Information

- 34 Information for Shareholders
- 36 Glossary
- 40 Contact Details



References in this Half Year Report to Electra Private Equity PLC and its subsidiaries have been abbreviated to 'Electra' or the 'Company'.