ELECTRA

Electra Private Equity PLC

Half Year Report 2019

Contents

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.

The Company is managed as an HM Revenue and Customs approved investment trust and invests primarily in the private equity mid-market. As at 31 March 2019, its net assets were £195 million or 509p per share.

Investment Objective and Policy

Electra's investment objective is to follow a realisation strategy, which aims to crystallise value for shareholders, through balancing the timing of returning cash to shareholders with maximisation of value.

The Company will not make any new investments but will continue to support its existing investments to the extent required in order to optimise returns.

The Company will retain sufficient cash to meet its obligations and to support its portfolio assets, with cash from realisations being invested in AAA rated money market funds pending utilisation or return to shareholders.

Should it be appropriate to utilise gearing in order to optimise the balance between timing of returning cash to shareholders and maximisation of value the Company will maintain gearing below 40% of its total assets.

Since 1 October 2016, the Company has distributed £2.0 billion (approximately 5,240p per share) to shareholders.

Having doubled shareholder value between 2015 and 2017, 2018 was a year in which we reflected on the future, made the decision to adopt the realisation strategy approved by shareholders in October 2018, and embarked on the optimisation of our remaining assets.

We have adjusted our cost base to better reflect the size of the remaining business and are working with our portfolio companies to grow value. Our portfolio has further significant value creation opportunities and we are confident that we will continue to provide shareholders with attractive returns in the period up until our wind-down, which will follow realisation of our existing investments in the medium term.

We have made progress in the first half of the year and our net asset value ("NAV") as at 31 March 2019 of £195 million represents an uplift of 7.1% from 30 September 2018 (adjusted for the dividends paid in December 2018 and April 2019). As at 31 March 2019 the NAV included £3 million of cash and £39 million of money market funds, of which £21 million was paid to shareholders on 12 April 2019 as a Special Dividend.

With the realisation of our investments in Photobox and Knight Square in the first quarter of our financial year 2019, 97% of our remaining portfolio is fully controlled by the Company. This value is concentrated primarily in three investments: TGI Fridays, Hotter Shoes and Special Product Company.

Larger controlled assets: TGI Fridays (£132 million), Hotter Shoes (£28 million) and Special Product Company (£7 million)

With TGI Fridays and Hotter Shoes representing over 95% of current portfolio value and both having significant exposure to the UK retail environment, 2018 was a challenging year. Whilst market conditions remain difficult, we are working with both businesses to make them more resilient and to accelerate evolution to reflect permanent changes in their respective markets. Progress is being made in each of our controlled businesses with improvement reflected in the KPIs and in EBITDA recovery.

> TGI Fridays continues to be a profitable and cash generative 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 over-supply has led to a challenging environment sustained over the last 18 months. Having resisted the lure of heavy discounting, TGI's focus for recovery and growth is on ensuring continued delivery of a high quality and relevant customer experience across its target customers, geographies and trading periods.

> Hotter Shoes had a very difficult 2018. The challenging UK retail market was compounded by adverse weather over the key seasonal transition periods and the business struggled to adapt. Changes have been made to increase resilience, to focus on the core activities of the business and to accelerate the rate of planned change. With Ian Watson joining as CEO in March 2019, whilst there is still much to do, we are confident that the business is addressing its challenges and provides opportunity for value creation.

> Special Product Company has been owned by Electra for over 20 years and for much of that period has been a challenging investment. Renewed focus over the last two years has seen the business recover to profitability and make crucial strategic progress in diversifying its product range and customer base.

Non-controlled and other assets: Sentinel (£2 million) and others (£6 millions)

- Sentinel performed strongly in early 2018 as its strategic direction began to bear fruit, however it has subsequently been impacted by weakness in the building products sector compounded by distributors adjusting inventory levels. The business has both challenges and opportunities which we continue to monitor.
- Others includes a number of property, debt, fund and small corporate investments. Whilst not individually material, with focus these investments will be realised satisfactorily.

Dividends

Having paid Special Dividends of £140 million in December 2018 and £21 million in April 2019, the Board does not intend to resume normal dividend payments with these interim results. It remains our intention to distribute the proceeds of asset realisations as they occur and to consider recommencing regular normal dividends following our full year results.

Finally, I should like to thank all those loyal and hardworking Electra Private Equity PLC colleagues who have left the business as we have downsized our central overhead. These include two Non-Executive Directors and a large number of other staff. It would be invidious to mention them all by name but a special thank you is appropriate to Roger Perkin who served on the Board of Electra Private Equity PLC and as Chair of the Audit and Risk Committee for nine years.

Neil Johnson
Chairman
15 May 2019

Portfolio Movement

Electra's investment portfolio decreased from £267 million to £175 million during the six months to 31 March 2019. The decrease resulted from net investments and realisations of £110 million, offset by a portfolio gain of £18 million.

Six months ended 31 March	**2019 £m**	2018 £m	2017 £m	2016 £m
Opening investment portfolio	**267**	358	1,696	1,630
Investments	**8**	11	4	158
Realisations	**(118)**	(36)	(1,067)	(384)
Investment return	**18**	(2)	246	299
Closing investment portfolio	**175**	331	879	1,703

	Investment fair value as at 30 Sept 2018 £m	Net investments/ (realisations) £m	Investment return £m	**Investment fair value as at 31 Mar 2019 £m**
Buyouts and Co-investments				
TGI Fridays	125	1	6	**132**
Hotter Shoes	7	7	14	**28**
Photobox Group	96	(96)	–	**–**
Knight Square	21	(21)	–	**–**
Sentinel Performance Solutions	4	–	(2)	**2**
Special Product Company	7	–	–	**7**
Other	4	(1)	–	**3**
Total Buyouts and Co-investments	264	(110)	18	**172**
Secondaries	1	–	–	**1**
Debt	1	–	–	**1**
Funds	1	–	–	**1**
Total Non-core Investments	3	–	–	**3**
Total Portfolio Investments	267	(110)	18	**175**

Investment Portfolio – Age Analysis

At 31 March	**2019 %**	2018 %
Less than one year	**–**	–
One–two years	**–**	–
Three–five years	**91**	73
Over five years	**9**	27

Realisations

Total realisations for the six months amounted to £118 million compared with £36 million in the corresponding period of the previous year.

Realisations	£m
Photobox	96
Knight Square	21
Other	1
Total Realisations	**118**

TGI Fridays

The UK franchise of an American themed restaurant chain providing a high energy and fun environment, with a wide demographic appeal.

Date of initial investment:	December 2014
Type of deal:	Buyout
Electra ownership:	99%
Cost:	£143 million
Valuation:	£132 million
Valuation method:	Based on multiple of earnings
Multiple of cost:	0.9x

Year ended 31 December	2018* £m	2017 £m	2016 £m
Sales	208.8	216.0	211.0
Operating Profit	14.2	22.3	21.0
EBITDA	25.3	33.3	31.0
Return on Capital Employed (ROCE)	13.1%	11.0%	9.6%

* Based on full year unaudited management accounts.

Demand in the casual dining market continues to grow and offers attractive opportunities for those brands that keep up with changing consumer expectations. TGI Fridays continually seeks to improve its proposition, updating its menus, refreshing its stores and developing its staff, as it aims to provide an experience that is valued by its customers. Over the last year, new healthier menu items and an updated ordering platform have been introduced.

The business continues to pursue a strategy of sustainable growth through highly selective store expansion and has a strong pipeline of future stores, but with the flexibility to take advantage of opportunities in the market. Recent acquisitions have provided a high return on investment of around 35%, providing confidence in the company's expansion plans.

In summer 2018 the combination of exceptional weather with the football World Cup compounded what was already a market challenged with over-supply and widespread discounting to be a difficult period for TGI – although it remained profitable and cash generative. Since autumn 2018 the trajectory has been one of gradual recovery and the business is now well placed to continue its recovery over the summer months.

Hotter Shoes

The UK's largest shoe manufacturer with a strong focus on comfort and service.

Date of initial investment:	January 2014
Type of deal:	Buyout
Electra ownership:	98%
Cost:	£125 million
Valuation:	£28 million
Valuation method:	Based on multiple of earnings
Multiple of cost:	0.2x

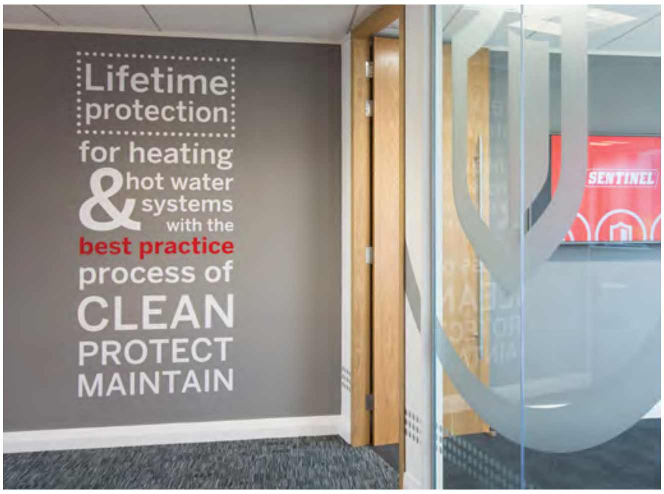
Year ended 31 January	**2019* £m**	2018 £m	2017 £m
Sales	**93.0**	100.8	98.0
Operating Profit	**0.6**	5.0	4.3
EBITDA	**3.5**	9.5	9.0
ROCE	**3.4%**	5.9%	2.2%

* Based on full year unaudited management accounts.

Hotter operates in the comfort footwear market primarily in the UK and US, where demographic changes offer significant opportunities for growth over the long term. Following Electra's purchase of the founder's interest during 2018, the company has been able to invest in necessary initiatives to enable future growth. These are aimed at developing the brand and product to remain relevant to customers whilst investing in key operational areas to increase the efficiency and flexibility of the cost base.

2018 was a very challenging year for the business in which the well-documented challenges facing the UK retail market were compounded by adverse weather over the key seasonal change periods in spring and autumn. Although the direct-to-consumer channel remains strong the business as a whole was not as resilient or flexible as was needed in 2018 and steps are being taken to accelerate the strategic change already planned. Ian Watson joined as CEO in March to lead this change and trading recovery.

The strategy in the short term is to optimise the retail estate, renew focus on the core customers in the UK direct business, increase return from the US business and make the cost base more flexible. This is likely to result in a smaller but more resilient business which represents a solid foundation for growth.



Sentinel Performance Solutions ("Sentinel")

A leading UK manufacturer of products to improve the performance of residential heating and hot water systems.

Date of initial investment:	February 2011
Type of deal:	Buyout
Electra ownership:	55%
Cost:	£17 million
Valuation:	£2 million
Valuation method:	Based on transaction risk adjusted multiple of earnings
Multiple of cost:	0.1x

Innovation has been an important part of Sentinel's recent recovery with strong international growth driven by new products, primarily its line of next generation filters which are tailored for country specific requirements. Partner deals with original equipment manufacturers have also improved, with legislation in certain countries dictating that system checks must be carried out by an independent third party, creating opportunity for follow-on sales.

Trading in 2018 started strongly but was impacted in the latter part of the year by a reduction in the stock held by a few of the company's larger customers. The company is confident that continued investment in research and development will lead to further growth across its markets.

Special Product Company ("SPC")

A US based manufacturer of industrial cabinets, serving the telecom and cabling sectors.

Date of initial investment:	March 1999
Type of deal:	Buyout
Electra ownership:	60%
Cost:	£9 million
Valuation:	£7 million
Valuation method:	Based on multiple of earnings
Multiple of cost:	0.8x

SPC's strategy is to continue to develop strong relationships with each of the main US cable and telecom companies and work with customers through collaborative research and development activity to meet their specific product requirements.

Recent trading has been strong due to a number of additional contracts with new customers. Customisation of new product releases has helped demonstrate its customer service and strengthened key relationships as a consequence. SPC is currently developing the next generation of products to support the advancement of new technology in the cable market.

Having determined our future strategy and completed satisfactory exits from our main non-controlled corporate assets early in the current financial year, our focus going forward is on working with management to create value in the remaining controlled portfolio and in completing the realisation of our non-core assets.

Investing activities

As required by the revised Investment Objective and Policy approved by shareholders in October 2018, the investing activities of the Company going forward will be limited to supporting the optimisation of value creation from the existing portfolio. An investment of £7.5 million was made in Hotter Shoes in early 2019 to support working capital and strategic delivery. The likelihood of this investment was known in advance and was reflected in our September 2018 valuation. In the period, work was undertaken to re-align portfolio company management incentives at both Hotter and TGI to strategic plans consistent with the delivery of Electra's strategy. This resulted in some minor investment costs. There remains significant uncertainty around the likely terms of the post-Brexit arrangements between the UK and the EU, as well as possible transitional arrangements. However, the Board of Directors does not believe there will be a significant impact on the valuations or operations of its portfolio companies.

Operating Costs

Following adoption of our realisation strategy and the disposal of Photobox and Knight Square, the Company undertook action to reduce its recurring operating costs by approximately 50% to approximately £3 million p.a. These costs will be reduced further in the event that the Company is able to exit its office lease.

The organisational changes implemented to reduce costs resulted in exceptional redundancy and related costs of £1 million and a further £1 million was incurred in the now advanced corporate rationalisation activity.

The adoption of the revised Investment Objective and Policy triggered a 'Corporate Event' in respect of the 2017 LTIP. The resultant share awards were fully hedged – however the Corporate Event resulted in a £0.7 million non-cash expense in the Income Statement due to acceleration charges under IFRS 2. The Share of Value Plan ("SoVP") was unaffected.

In light of the adoption of a wind-down strategy, we have considered the need for the provision of closure/wind-up costs under IAS 37, and have concluded that any such costs are unlikely to be material and that as we anticipate continuing to generate shareholder value, until the targeted medium-term realisation of our portfolio investments is complete our operating costs should be reported normally.

Analysis of Movement in NAV per share and TSR

The Special Dividends of 365p and 54p paid on 14 December 2018 and 12 April 2019 (but reflected in the 31 March 2019 NAV) are the most significant factors in the reduction of NAV per share from 892p to 509p. The increases in valuation of TGI and Hotter contribute to a net 7.1% uplift in the NAV (after adjusting for the Special Dividends) over the period.

Total Shareholder Return ("TSR") for the six month period was negative 24% reflecting the concentration of risk in the valuation of TGI and Hotter and the impact of their September valuations, released in the period. Over the three years since the strategic change of direction of the Company, TSR has been % compared with the FTSE 250's return of 23%, reflecting longer term performance.

	p
NAV per share as at 1 October 2018	892
Capital gains and income	47
Expenses, foreign exchange losses and tax	(6)
Exceptional expenses	(5)
Dividend paid	(419)
NAV per share as at 31 March 2019	**509**

Net Liquid Resources

As at 31 March 2019 the Company had £3 million of cash and £39 million of money market fund investments. £21 million of these funds were utilised to pay the Special Dividend in April 2019, leaving cash and cash equivalents of £21 million on a pro forma basis.

Gearing

At 31 March 2019, Electra was ungeared at the Group level. Certain companies of the portfolio are funded in part by third party debt.

Gavin Manson
Chief Financial Officer
15 May 2019

Consolidated Income Statement (unaudited)

For the six months ended 31 March	Note	2019 Revenue £m	2019 Capital £m	2019 Total £m	2018 Revenue £m	2018 Capital £m	2018 Total £m
Investment profit	1	–	17	17	4	11	15
Other expenses	2	(5)	–	(5)	(3)	–	(3)
Reclassification of (losses)/gains on foreign exchange translation previously recognised in equity reserves		–	(1)	(1)	–	31	31
Gain on revaluation of foreign currencies		–	–	–	–	2	2
Income reversal	3	–	–	–	(17)	–	(17)
Incentive schemes	4	–	–	–	–	22	22
Net Profit before Taxation		(5)	16	11	(16)	66	50
Taxation		–	–	–	2	(2)	–
Profit on Ordinary Activities after Taxation attributable to owners of the Group		(5)	16	11	(14)	64	50
Basic Earnings per Ordinary Share (pence)	5	(14.24)	41.03	26.79	(40.27)	168.36	128.09
Diluted Earnings per Ordinary Share (pence)	5	(14.24)	41.03	26.79	(40.27)	168.36	128.09

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.

Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended 31 March	2019 £m	2018 £m
Profit for the period	11	50
Items that are reclassified to profit or loss		
Reclassification adjustments on foreign operations	1	(3)
Total Comprehensive Income attributable to owners of the Group	12	47

The accompanying Notes on pages 14 to 23 are an integral part of the Half Year Report.

Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 31 March 2019	Note	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Translation reserve £m	Realised capital reserve £m	Unrealised capital reserve £m	Revenue reserve £m	Total equity £m
Opening balance at 1 October 2018		9	123	35	(1)	5	248	(137)	60	342
Net revenue loss added to the reserves		–	–	–	–	–	–	–	(5)	(5)
Net profits on realisation of investments during the period	6	–	–	–	–	–	(1)	–	–	(1)
Increase in value of non-current investments	6	–	–	–	–	–	–	18	–	18
Investments sold during the period	6	–	–	–	–	–	8	(8)	–	–
Reclassification of losses on foreign exchange translation previously recognised in equity reserves		–	–	–	–	1	(1)	–	–	–
Total comprehensive income		–	–	–	–	1	6	10	(5)	12
Ordinary shares held under share incentive plans	7	–	–	–	1	–	–	–	–	1
Dividends	8	–	–	–	–	–	(160)	–	–	(160)
As at 31 March 2019		**9**	**123**	**35**	**–**	**6**	**94**	**(127)**	**55**	**195**

For the six months ended 31 March 2018	Note	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Translation reserve £m	Realised capital reserve £m	Unrealised capital reserve £m	Revenue reserve £m	Total equity £m
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	6	–	–	–	–	–	5	–	–	5
Increase in value of non-current investments	6	–	–	–	–	–	–	6	–	6
Investments sold during the period	6	–	–	–	–	–	10	(10)	–	–
Decrease in incentive provisions	4	–	–	–	–	–	–	22	–	22
Reclassification of gains on foreign exchange translation previously recognised in equity reserves		–	–	–	–	(31)	31	–	–	–
Other comprehensive income – foreign currency translation differences		–	–	–	–	(3)	–	–	–	(3)
Total comprehensive income		–	–	–	–	(34)	46	18	(14)	16
Dividends	8	–	–	–	–	–	(349)	–	–	(349)
As at 31 March 2018		9	123	35	(1)	(22)	313	(102)	70	425

The accompanying Notes on pages 14 to 23 are an integral part of the Half Year Report.

Consolidated Balance Sheet (unaudited)

	Note	31 March 2019 £m	30 September 2018 £m	31 March 2018 £m
Non-Current Assets				
Investments held at fair value	6	**175**	150	320
		175	150	320
Current Assets				
Investments held at fair value	6	**39**	72	75
Assets held for sale	6	**–**	117	11
Trade and other receivables		**–**	1	–
Current tax asset		**1**	2	1
Cash and cash equivalents		**3**	3	22
		43	195	109
Current Liabilities				
Trade and other payables	9	**(23)**	(2)	(2)
		(23)	(2)	(2)
Total Assets less Current Liabilities		**195**	343	427
Non-Current Liabilities				
Provisions for liabilities and charges	10	**–**	(1)	(1)
Deferred tax liability		**–**	–	(1)
		–	(1)	(2)
Net Assets		**195**	342	425
Capital and Reserves				
Called up share capital	11	**9**	9	9
Share premium		**123**	123	123
Capital redemption reserve		**35**	35	35
Own shares held	11	**–**	(1)	(1)
Translation reserve	11	**6**	5	(22)
Realised capital reserve	11	**94**	248	313
Unrealised capital reserve	11	**(127)**	(137)	(102)
Revenue reserve	11	**55**	60	70
Total Equity		**195**	342	425
Basic Net Asset Value per Ordinary Share (pence)	12	**509.43**	892.40	1,109.27
Number of Ordinary Shares in Issue	11	**38,282,763**	38,282,763	38,282,763

The accompanying Notes on pages 14 to 23 are an integral part of the Half Year Report.

Approved by the Board of Directors and signed on its behalf by:

Neil Johnson
Chairman
15 May 2019

Gavin Manson
Chief Financial Officer
15 May 2019

Electra Private Equity PLC

Company Number: 00303062

Consolidated Cash Flow Statement (unaudited)

For the six months ended 31 March	2019 £m	2018 £m
Operating activities		
Purchase of trading investments	**(123)**	(50)
Sales of trading investments	**258**	377
Dividends and distributions received	**1**	1
Interest income received	**8**	1
Amounts paid under incentive schemes	**–**	(6)
Expenses paid	**(5)**	(5)
Cash generated from operations	**139**	318
Taxation repaid/(paid)	**1**	(1)
Net cash inflow from operating activities	**140**	317
Financing activities		
Dividends paid	**(140)**	(349)
Net cash used in financing activities	**(140)**	(349)
Net decrease cash and cash equivalents	**–**	(32)
Cash and cash equivalents at 1 October	**3**	54
Cash and cash equivalents at 31 March	**3**	22

The accompanying Notes on pages 14 to 23 are an integral part of the Half Year Report.

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 total investment income is allocated as follows:

For the six months ended 31 March	2019 £m	2018 £m
United Kingdom	17	7
Continental Europe	–	7
US	–	1
Total investment income	**17**	15

2 Other Expenses

For the six months ended 31 March	2019 £m	2018 £m
Administrative expenses	3	2
Exceptional expenses (see below)	2	1
Total other expenses	**5**	3

£0.3 million (2018: £0.3 million) of operating lease expenses were included in the administrative expenses.

Exceptional expenses for the six months ended 31 March	2019 £m	2018 £m
Strategic review	1	1
Corporate rationalisation	1	–
Total exceptional expenses	**2**	1

Corporate rationalisation also includes redundancy costs incurred on downsizing the Company's head office.

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 investments. The amount for the six months ended 31 March 2018 related to accrued income reversed on the Company's loan investment in TGI Fridays. There were no income reversals for the six months ended 31 March 2019.

4 Incentive Schemes

Incentive schemes income for six months ended 31 March 2018 related to the release of carried interest provisions. There are no further income or expenses relating to carried interest on historical incentive schemes.

5 Earnings Per Share

	Basic and Diluted	
For the six months ended 31 March	2019	2018
Net revenue losses (£m)	(5)	(14)
Net capital gains (£m)	16	64
Total earnings	**11**	50
Revenue loss per ordinary share (p)	(14.24)	(40.27)
Capital return per ordinary share (p)	41.03	168.36
Total earnings per ordinary share (p)	**26.79**	128.09

The weighted average number of undiluted and diluted ordinary shares in issue was 38,282,763 (2018: 38,282,763). There were no dilutive potential shares during the six months ended 31 March 2019 and 31 March 2018.

6 Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest 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 2018. 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 in Basis of Accounting and Significant Accounting Policies (Note 16).

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.

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

Financial assets at fair value through profit or loss

As at 31 March 2019	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Listed and unlisted investments	**39**	**–**	**175**	**214**
Total held at fair value through profit or loss	**39**	**–**	**175**	**214**

As at 31 March 2018	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Listed and unlisted investments	75	–	320	395
Investments held for sale	–	–	11	11
Total held at fair value through profit or loss	75	–	331	406

Financial instruments that trade on quoted market in active markets are classified within Level 1 and the Group does not adjust the quoted price for these instruments. Investments classified within Level 1 are liquidity funds.

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-month 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.

6 Financial Instruments continued

Financial assets at fair value through profit or loss continued

In determining the valuation for the Group's equity instruments, comparable trading multiples are used in arriving at the valuation for private equity investments. 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 Basis of Accounting and Significant Accounting Policies.

As at 31 March 2019, 1% (2018: 4%) of financial assets at fair value consists of investments in private equity funds. 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.

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

	Level 1		Level 3	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Opening balance	**72**	389	**267**	349
Purchases	**114**	39	**8**	11
Realisations	**(147)**	(354)	**(118)**	(26)
Increase/(decrease) in valuation	**–**	1	**18**	(3)
As at 31 March	**39**	75	**175**	331

Increases or decreases in valuation are recognised as part of the investment income in the Consolidated Income Statement. There has been no transfer between levels for the six months ended 31 March 2019 or 31 March 2018.

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 as at March 2019 £m**	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/-	Change in valuation +/- £m
Consumer goods and services	**160**	Comparable trading multiples	EBITDA multiple	10.2x	1x	22/(22)
			Comparability difference adjustment	26%	5%	(15)/15
Property	**3**	Yield	Yield %	8%	1%	–
Business services	**11**	Comparable trading multiples	EBITDA multiple	14.1x	1x	1/(1)
			Comparability difference adjustment	55%	5%	(1)/1
Private equity funds	**1**	NAV valuation	NAV	n/a	5%	–
Total	**175**					

6 Financial Instruments continued

Financial assets at fair value through profit or loss continued

Description	Fair value as at March 2018 £m	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/-	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)
Total	331					

7 Share-Based Payments

The Group operates two long-term incentive plans, the Long-Term Incentive plan ("LTIP") and Share of Value Plan ("SOVP"). The schemes are designed to provide long-term incentives for senior management and Executive Directors of the Group to deliver long-term shareholder returns.

The LTIP was introduced in July 2017. The SOVP scheme was introduced in April 2018 to be a one-off award and, in respect of its participants, will replace the LTIP and the Annual Bonus Plan for future awards for the duration of the performance period. Both plans are recognised as equity settled share-based payments in accordance with IFRS 2. However, awards can be settled in cash equivalents at the discretion of the Group Remuneration Committee. The share-based payment schemes are recognised as equity settled on the basis that the Group has no present obligation for settling awards in cash, contractually or constructively i.e. as a result of past practices.

The cost of share-based payments is recognised as an expense with a corresponding increase in the share-based payment reserve. Expenses are recognised over the period in which vesting conditions are fulfilled. No expense is recognised for awards that do not ultimately vest.

The Group Remuneration Committee determined that the approval of the Group's new Investment Objective and Policy by shareholders at the General Meeting on 30 October 2018, and the consequent payment of the first Special Dividend of FY19 in December 2018 were a "Corporate Event", as defined in the rules of the LTIP. This Corporate Event triggered the early vesting of all outstanding options under the LTIP to all participants, including Gavin Manson who has agreed to be bound by the 24-month holding period for the shares from the vesting date. Vesting of the LTIP resulted in an accelerated charge of £0.7 million in the Consolidated Income Statement for the six months ended 31 March 2019 and the total share-based payment charge for the period was £1.2 million, recognised in the "Other expenses" of the Consolidated Income Statement (2018: £0.2 million).

Details of the SOVP scheme are as follows:

Grant Date	12 April 2018
Number of Unit Awards granted	100,000
Fair Value on Grant Date	£1,999,000
Performance period	Three years
Vesting conditions	1. Continued services over the vesting period. 2. NAV growth in excess of NAV threshold plus cumulative distributions over a normal measurement period of 1 January 2018 to 31 December 2020.
Change in corporate control and other corporate events	All unvested awards shall vest on date of such event, at the discretion of the Group Remuneration Committee.
Settlement method	Equity settled, with option of cash alternative determined by the Group Remuneration Committee.

In determining the fair value of the SOVP scheme on grant date, the Group employed the stochastic model, with five identified key variables which underpin the valuation of the Group investment portfolio. The key variables are volatilities of EBITDA and EBITDA multiples, net debt, book value and ownership percentages. The probability of achieving the performance condition is calculated based on the average of 100,000 simulations produced by the model as a percentage of the maximum value that can be delivered under the SOVP.

7 Share-Based Payments continued

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

Number of outstanding options	2019	2018
As at 30 September	120,486	47,783
Granted during the period	–	45,828
Vested during the period	(120,486)	–
As at 31 March	–	93,611

8 Dividends

For the six months ended 31 March	2019 £m	2018 £m
Second Special Dividend of FY19 (54p per share)	21	–
First Special Dividend of FY19 (365p per share)	140	–
Third Special Dividend of FY17 (914p per share)	–	349
	161	349

9 Trade and other payables

The amount as at 31 March 2019 includes the £21 million second Special Dividend of FY19 paid on 12 April 2019.

10 Provision for Liabilities and Charges

The amount of outstanding provisions as at 31 March 2019 is £0.3 million (2018: £0.5 million), which includes liabilities, such as rental incentives received upfront, recognised as deferred income, and National Insurance contributions provided on the incentive schemes operated by the Company. £0.2 million of provisions relating to LTIPs and deferred bonuses at 30 September 2018 were utilised, as triggered by the "Corporate Event" (Note 7) in October 2018.

11 Called up Share Capital and Reserves

	2019 £m	2018 £m
Opening allotted, called up and fully paid 38,282,763 (2017: 38,282,763) ordinary shares of 25p each	9	9
Closing allotted, called up and fully paid 38,282,763 (2018: 38,282,763) ordinary shares of 25p each	9	9

Own Shares Held

Own shares held are shares purchased by the Company's Employee Benefit Trust (the "Trust") in relation to incentive schemes operated by the Company. 90,481 shares were held by the Trust as at 31 March 2019 (2018: 107,369).

Translation Reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Realised Capital Reserve

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

Unrealised Capital Reserve

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 Reserve

Revenue reserve is the net revenue profit and losses.

Other reserves

The share-based payment reserve of £0.7 million as at 31 March 2019 is included in the other reserve balance (2018: £0.2 million).

12 NAV per Ordinary Share

The basic NAV per share is calculated by dividing the NAV of £195 million (2018: £425 million) by the number of ordinary shares in issue amounting to 38,282,763 (2018: 38,282,763). There were no dilutive potential shares during the six months ended 31 March 2019 and 31 March 2018.

13 Related Party Transactions

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

Sherborne

Sherborne Investors Management LP ("Sherborne") serves as an adviser to the Group on research and formulation as well as making of proposals to the Group Board of Directors. Edward Bramson, a Director of the Company, is the managing member of Sherborne. Under the terms of the contract, Sherborne is not entitled to a fee but is entitled to be reimbursed for all reasonable expenses. In the six months ended 31 March 2019, the Group paid Sherborne £24,043 (2018: £41,962) as reimbursement for travel and subsistence costs. The outstanding amount payable by the Group to Sherborne as at 31 March 2019 is £16,263 (2018: £nil).

14 Capital Commitments and Contingencies

There are no outstanding capital commitments or contingent liabilities as at 31 March 2019.

15 Post Balance Sheet Event

The second Special Dividend of FY19 of £21 million was paid on 12 April 2019. There have been no other events with material impact on the Company since the balance sheet date.

16 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 2018, 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 2019, 30 September 2018 and 31 March 2018; the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the six months ended 31 March 2019 and 31 March 2018, 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 Guidance and Transparency Rules of the Financial Conduct Authority, IAS34 and the principal accounting policies and key estimates set out in the Annual Report for the year ended 30 September 2018 which is available on Electra's website (www.electraequity.com).

Following the announcement in October 2018 to conduct a managed wind-down of the Group's portfolio, and consistent with the financial statements for the year ended 30 September 2018, the condensed consolidated interim financial statements for the six months ended 31 March 2019 have been prepared on a basis other than that of a going concern. However, there have been no changes to the basis of recognition, which remains as historical cost basis of accounting, modified to include the revaluation of certain assets at fair value, as disclosed in the Principles of Valuation of Investments (Note 16). The Group continues to value its financial assets on the basis disclosed in this Note. The timeframe envisaged for the managed wind-down of the portfolio does not affect the valuation of assets or liabilities on the Company's balance sheet. As at 31 March 2019, no contractual commitments had become onerous and therefore no provisions for wind-down costs have been made. Any future costs relating to terminating the business of the entity will be provided for when the entity becomes obligated to make such payments.

Application of New Standards

The following new IFRSs have become effective for annual periods beginning on or after 1 January 2018 and have now been adopted by the Group from its accounting period beginning on 1 October 2018.

IFRS 9 Financial Instruments

There have been no changes to the measurement and classification of the Group's investment assets and non-investment assets and liabilities, which continue to be measured, respectively at fair value through profit and loss and amortised cost.

The Group does not undertake any hedge accounting activities.

In relation to the non-investment assets, an expected credit loss method has been implemented by the Group. As at 31 March 2019, the Group's non-investment assets consist of only £0.3 million prepaid expenses and therefore no impairment provisions have been provided.

Therefore, adoption of IFRS 9 had no material impacts on the Group.

16 Basis of Accounting and Significant Accounting Policies continued

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 IFRS 9 Financial Instruments. On this basis, the Group's main revenue stream will be outside the scope of IFRS 15. Sundry income generated by the Group during the six months ended 31 March 2019 amounted to less than £0.1 million and is expected to stay at similar levels in future periods.

Therefore, adoption of IFRS 15 had no material impacts on the Group.

The following new IFRS has been issued by the IASB, effective for annual periods beginning on or after 1 January 2019, which the Group plans to adopt from its accounting period beginning on 1 October 2019.

IFRS 16 Leases

The Group only has one leased property, which will have less than three years left until the end of the lease agreement from the effective date of IFRS 16. A full impact assessment, including all transitional options has been performed by the Group as detailed in the Annual Report and Financial Statements for the year ended 30 September 2018 and no material impacts are expected as a result of the adoption.

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 (as detailed 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

(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 and willing parties in an arm's length transaction. In estimating fair value, the Manager 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.

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.

16 Basis of Accounting and Significant Accounting Policies continued

Principles of Valuation of Investments continued

(ii) Unlisted Equity Investments continued

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 and 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's 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 on going 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 net asset value of the fund as reported by the manager is used as the starting point. The Group may make adjustments to the reported net asset value 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 Investments

Investments in money market funds are held at the current fair value of the units invested.

(vi) Accrued Income

Accrued income is included within investment valuations.

Cash and Cash Equivalents

Cash comprises cash at bank and is measured at amortised cost.

Foreign Currencies

The Group's and Company's presentational and functional currency is Pounds Sterling ("sterling"), since that is the currency of the primary economic environment in which the Group operates. Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currencies of the Group's respective entities at rates prevailing at the balance sheet date. Foreign currency revenue and expenses are translated into the functional currencies of the Group's respective entities at the month end rate for the period the transaction occurred. Exchange differences arising are recognised through the Consolidated Income Statement.

At each balance sheet date, assets and liabilities of foreign operations are translated into sterling at the rates prevailing on the balance sheet date. Foreign exchange differences arising on retranslation of the equity and reserves of subsidiaries with functional currencies other than sterling, are recognised directly in the Translation Reserve in equity. Foreign exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Consolidated Income Statement.

16 Basis of Accounting and Significant Accounting Policies continued

Investment Income

Dividends receivable from equity shares are accounted for on the ex-dividend date or, where no ex-dividend date is quoted, are accounted for when the Group's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield when it is probable that economic benefit will flow to the Group. Where income accruals previously recognised, but not received, are no longer considered to be reasonably expected to be received, either through investee company restructuring or doubt over its receipt, then these amounts are reversed through expenses. Income distributions from limited partnership funds are recognised when the right to distribution is established.

Other Income

Interest income received from money market funds are accounted for as the interest is accrued on an effective interest rate basis.

Expenses

Expenses are charged through the revenue column of the Consolidated Income Statement.

Exceptional expenses

Exceptional expenses are those items that are material either because of their size or their nature and are presented within their relevant Consolidated Income Statement category, disclosed separately in Note 2.

Operating Lease Expense

Payments made under operating leases are recognised in the Consolidated Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Consolidated Income Statements as an integral part of the total lease expense and are therefore also recognised on a straight-line basis over the term of the lease.

Defined Contribution Plan

The Group operates a defined contribution pension plan under which the Group pays fixed contributions. Pension contributions are recognised as expenses in the Consolidated Income Statement, as incurred.

Taxation

The tax effect of different items of income/gain and expense/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting year.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

16 Basis of Accounting and Significant Accounting Policies continued

Provisions

Provisions are recognised when the Group has a present obligation of uncertain timing or amount as a result of past events and it is probable that the Group will be required to settle that obligation and a reliable estimate of that obligation can be made. The provisions are measured at the Directors' best estimate of the amount to settle the obligation at the balance sheet date. Changes in provisions are recognised in the Consolidated Income Statement.

Revenue and Capital Reserves

Net capital return is added to the Capital Reserve in the Consolidated Statement of Changes in Equity, while the net revenue return is added to the Revenue Reserve.

Receivables and Payables

Receivables and payables are typically settled in a short time frame and are carried at the amount due to be settled. As a result, the fair value of these balances is considered to be materially equal to the carrying value, after taking into account potential impairment losses.

Share Capital

Ordinary shares issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account. Direct issue costs net of tax are deducted from equity.

Share-Based Payments

The Company operates two long-term incentive plans, both of which meet the definition of share-based payments under IFRS 2. Where appropriate, share-based payments are measured at fair value on grant date, which is estimated using commonly used and accepted models. The cost of share-based payments is spread over the period until the awards vest and is recognised as an expense in the Income Statement with a corresponding increase in the equity reserves. Where share-based payments have market vesting conditions, the full charge is recognised irrespective of the conditions being met, provided all other performance and/or service conditions are satisfied.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical accounting judgements and key sources of estimation uncertainty used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting judgements and estimates will, by definition, seldom equal the related actual results. In the course of preparing the financial statements, no judgements have been made in the process of applying the Group's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty in the reporting year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Financial assets fair value measurements

Unquoted assets are measured at fair value in accordance with IFRS 13 and the IPEV Guidelines for financial reporting purposes. Judgement is required in order to determine the appropriate valuation methodology and subsequently in determining the inputs into the valuation model used. These judgements include making assessments of the future earnings potential of portfolio companies, appropriate earnings multiples to apply, and adjustments to comparable multiples. The Group's Board of Directors has set up a Valuations Committee, which is chaired by a Non-Executive Director, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses internal experts to perform the valuation. The Valuations Committee works closely with the internal expert and G10 Capital Limited to establish the appropriate valuation techniques and inputs to the model.

The Chairman of the Valuations Committee reports its findings to the Group's Board of Directors every six months to explain the cause of fluctuations in the fair value of the assets and liabilities.

Sensitivity analysis on key sources of estimation has been disclosed in Note 6. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above in this Note.

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 2019 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 16. 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 Financial Reporting Council. 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 Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 16, 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 Financial Reporting Council 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 2019 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to Note 16 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our conclusion is not modified in respect of this matter.

Deloitte LLP
Statutory Auditor
London, United Kingdom
15 May 2019

Current and Future Development

A review of the main features of the six months to 31 March 2019 is contained in the Chairman's Statement and Portfolio Review.

Performance

A detailed review of performance during the six months to 31 March 2019 is contained in the Portfolio Review.

Risk Management

The Company has put in place an Investment Management Agreement with G10 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.

The principal risks facing the Company are considered by the Board to be Portfolio Diversification Risk, Strategy Implementation Risk, Investment Risk, Solvency and Liquidity Risk, Macroeconomic Risk, Valuation Risk, Operational Risk, Gearing Risk, Foreign Currency Risk, and Cash Drag Risk, as set out in the Company's Annual Report and Financial Statements for the year ended 30 September 2018 along with the risks detailed in Note 18 of the Notes to the Financial Statements for the same year. The principal risks have not changed significantly since the year end.

Related Party Transactions

Details of related party transactions for the six months ended 31 March 2019 are disclosed in Note 13.

Going Concern

Consistent with the year ended 30 September 2018, the Half Year Report is prepared on a basis other than going concern.

Forward-Looking Statement

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 Report includes a fair review of the information required by:

   (i) DTR 4.2.7 of the Disclosure Guidance 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 Guidance 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.

Approved by the Board of Directors and signed on its behalf by

Neil Johnson
Chairman
15 May 2019

Financial Calendar for 2018/19

Half Year Results announced	May 2019
Annual Results announced	December 2019
Annual General Meeting	March 2020

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 31 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 12 Endeavour Square, London E20 1JN (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.

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@electrapeplc.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 the Government, the EU, trade unions, international media and the general public. It communicates the industry's impact and reinforces 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
The Alternative Investment Fund Manager (AIFM) for Electra Private Equity PLC is G10 Capital Limited.

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

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

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.

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.

IRR (internal rate of return)
This 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.

	Six months to 31 March		Three years to 31 March	
Reported under IFRS	**2019**	2018	**2019**	2018
Dividend per share (pence)	**419**	914	**5,038**	4,710
Decrease in NAV per share (pence)	**(383)**	(872)	**(3,896)**	(2,439)
Total return (pence)	**36**	42	**1,142**	2,271
Opening NAV per share (pence)	**892**	1,981	**4,405**	3,548
NAV total return	**4%**	2%	**26%**	64%

NAV Uplift

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

Reported under IFRS	**2019**	2018
Opening NAV (£m)	**342**	758
Dividends during the period (£m)	**(160)**	(349)
Adjusted opening NAV (£m)	**182**	409
Closing NAV (£m)	**195**	425
NAV Uplift (£m)	**13**	16
NAV Uplift %	**7.1%**	3.9%

Calculation of Diluted and Basic NAV

The unaudited NAV per share at 31 March 2019 and audited NAV per share at 30 September 2018 are both calculated on the basis of the 38,282,763 ordinary shares in issue.

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.

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 September 2018	879	–	879
31 March 2019	325	2.07	671
Total Shareholder Return (%)			**(24)%**

	Dividend per share (p)	Share price prior to ex-div date (p)	Adjustment factor
15 November 2018	365	834	1.78
14 March 2019	54	388	1.16
Cumulative Adjustment Factor			**2.07**

Unlisted Company

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

Contact Details

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Gavin Manson (Chief Financial Officer)
Edward Bramson
Paul Goodson
David Lis
Linda Wilding

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Joint Stockbrokers
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25 Cabot Square, Canary Wharf, London, England, E14 4QA

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Registrar and Transfer Office
Equiniti Limited
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