Electra Private Equity PLC

Half Year Report

31 March 2014

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

References in this Half Year Report to Electra Private Equity PLC and its subsidiaries have been abbreviated to 'Electra' or 'the Company'. References to Electra Partners LLP and Electra Partners Advisers LLP (formerly called EQM Capital LLP) (manager of Electra's money market investments) have been abbreviated to 'Electra Partners' or 'the Manager'.

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.

The business and affairs of Electra are managed on an exclusive and fully discretionary basis by Electra Partners, an independent private equity fund manager with over 25 years' experience in the mid-market.

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

Electra Partners aims to achieve this target rate of return on behalf of Electra by utilising a flexible investment strategy and:

In implementing Electra's flexible investment strategy, Electra Partners typically targets investments at a cost of £40 million to £100 million in companies with an enterprise value of up to £300 million.

- exploiting a track record of successful private equity investment;
- utilising the proven skills of its management team with a strong record of deal flow generation and long-term presence in the private equity market;
- targeting private equity opportunities (including direct investment, fund investments and secondary buyouts of portfolios and funds) so that the perceived risks associated with such investments are justified by expected returns;
- investing in a number of value creating transactions with a balanced risk profile across a broad range of investment sectors through a variety of financial instruments; and
- actively managing its capital position and levels of gearing in light of prevailing economic conditions.

The investment focus is principally on Western Europe, with the majority of investments made in the United Kingdom where Electra Partners has historically been most active. There is an emphasis on areas where Electra Partners has specific knowledge and expertise. In circumstances where Electra Partners feels that there is merit in gaining exposure to countries and sectors outside its network and expertise, consideration is given to investing in specific funds managed by third parties or co-investing with private equity managers with whom it has developed a relationship.

In implementing Electra's flexible investment strategy, Electra Partners typically targets investments at a cost of £40 million to £100 million in companies with an enterprise value of up to £300 million.

Electra Partners 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.

Unless required to do so to maintain Electra's investment trust status, it is the policy of the Directors not to pay dividends.

Financial Highlights

As at 31 March 2014

NAV per share (diluted)	**2,914p**
NAV per share increase over ten years (diluted)	**260%**
Share price	**2,609p**
Share price increase over ten years	**268%**
Total Net Assets	**£1,088m**
Net liquid resources	**£294m**
Annualised return on equity over ten years (diluted)	**14%**

Performance (Total Return):

	Six months	One year	Three years	Five years	Ten years
Electra NAV per share (diluted)	5%	9%	33%	93%	260%
Morningstar PE Index NAV per share return (ex. Electra)*	4%	7%	13%	36%	42%
Electra share price	17%	10%	57%	351%	268%
Morningstar PE Index share price return (ex. Electra)*	6%	12%	37%	182%	39%
FTSE All-Share Index	5%	9%	29%	113%	129%

Performance calculated on a total return basis with dividends reinvested.

* The above index, prepared by Morningstar UK Limited, reflects the performance of 19 private equity vehicles, excluding Electra, quoted on the London Stock Exchange.

Chairman's Statement

"Electra has started 2014 well with a record level of new investment and strong performance from its investment portfolio.

"Electra aims to produce a return on equity of 10-15% per annum over the long-term, and over the past ten years has done just that with an annualised return of 14%.

"The keys to Electra's success remain the flexibility of its investment approach, its financial resources and the strength of the Manager, Electra Partners. It is well positioned to continue to deliver its objectives."

Overview

Electra has made a positive start to 2014. New investments, which reached a record level in the year to 30 September 2013, were at a higher level than in any previous six-month period. Performance from the investment portfolio has been strong reflecting the quality of the investments made by Electra's Manager, Electra Partners, in recent years. Trading conditions across the portfolio present an encouraging picture for the future.

Results

At 31 March 2014, Electra's diluted net asset value per share was 2,914p, compared to 2,764p at 30 September 2013, an increase of 5.4% compared to a total return on the FTSE All-Share of 4.8%.

Over the 10 years to 31 March 2014, Electra's diluted net asset value per share including dividends increased by 260%. This is equivalent to a ten-year annualised return on equity of 14%. Electra's share price also grew strongly in the same period, generating a total return of 268%. Both compare to a total return on the FTSE All-Share of 129%.

Investment Activity

During the six months to 31 March 2014 Electra invested or committed a record amount of £250 million, compared to £204 million in the six months to 31 March 2013. Once again, Electra's flexible investment policy was important in enabling Electra Partners to source and complete interesting and attractively-priced opportunities in a competitive market.

New investments or commitments during the period included Hotter Shoes, Ogier Fiduciary Services and Innovia Group. Completion of the investment in Ogier Fiduciary Services remains subject to certain conditions. The investment in Innovia Group was conditional upon regulatory clearances at the end of March and completed during April.

Realisations were £152 million in the period. The level of realisations over the past twenty-four months means that the investment portfolio at 31 March 2014, valued at £1,039 million, is relatively immature, with 78% being less than three years old. Accordingly it is anticipated that realisation activity will reduce below the level of the last two years.

Performance

The total return from the investment portfolio for the six months to 31 March 2014 amounted to £89 million, or 9% on the opening portfolio of £968 million. Within this it is pleasing to see the contribution made by some of the more recent additions to the direct unlisted portfolio.

Recent performance has been notably strong in the less mature parts of the portfolio as the investments made over the past two years have already started to generate returns.

Liquidity

As a result of the high level of investment activity, the Company's liquid resources were £294 million at 31 March 2014, before taking into account the £116 million investment commitments to Ogier Fiduciary Services ("OFS") and Innovia Group. OFS is expected to close shortly and Innovia closed in April.

Board Changes

As previously reported, I have succeeded Dr Colette Bowe as Chairman of the Company. Colette retired as a Director and Chairman following the Annual General Meeting on 11 March 2014.

Since taking on the role of Chairman in 2010 Colette has made a valuable contribution. During the period of her tenure, Electra's diluted net asset value per share rose from 1,900p to 2,914p, an increase of 53%. Over the same period the share price increased from 1,292p to 2,609p, a rise of 102%. I am sure that shareholders will join me in thanking Colette for her exemplary leadership of Electra.

I am looking forward to chairing Electra, which offers shareholders access, through a listed vehicle, to a differentiated, direct private equity investment strategy which has generated superior returns over the long-term.

Electra's structure provides a number of advantages over conventional private equity funds which typically have a limited strategy and life. For example, Electra can invest across the full range of private equity opportunities and over longer time horizons, and typically relies less on gearing at the investment level, resulting in lower risk and volatility in returns.

Electra targets a net return on equity of 10 to 15% per annum over the long-term, which it has consistently achieved. The total annualised return to shareholders over the last 10 and 20 years has been 14% and 12% respectively.

I believe that the benefits of Electra's structure and its Manager's skills in selecting and managing attractive investments are particularly pertinent to the current economic cycle and I am excited to be involved with the Company during what promises to be a fruitful period of development.

Alternative Investment Fund Managers Directive ("AIFMD")

As previously reported, under the AIFMD Electra is an Alternative Investment Fund and is required to appoint a manager with the necessary regulatory approval to act as its Alternative Investment Fund Manager ("AIFM"). I am pleased to report that Electra Partners LLP has received approval to vary its regulatory status and accordingly has been approved by the Financial Conduct Authority to act as Electra's AIFM. No material changes to the management of Electra as a result of compliance with the AIFMD are envisaged.

The Manager

Electra Partners has a high-quality team which brings both breadth and depth of experience to the task of delivering investment performance. They have also continued to add strength in depth with the appointment of a further two investment professionals in the past six months.

Outlook

The past six months have seen a continuation of the high level of new investment activity which started in 2013. Electra Partners' deal flow remains strong despite an increasing level of competition in the private equity market. This is attributable not only to Electra's flexible investment policy and financial resources, but also to the Electra Partners team which has extensive experience in originating and completing attractive investment opportunities. These factors will be as important over the coming years as they have ever been.

Recent performance has been notably strong in the less mature parts of the portfolio as the investments made over the past two years have already started to generate returns. Electra Partners is actively pursuing value creation strategies across the portfolio and, with the wider economic improvement leading to stronger trading conditions, Electra is well positioned to continue to deliver superior returns to its shareholders.

Roger Yates
Chairman
28 May 2014

The Manager

About Electra Partners – Experienced, Flexible and Well-Resourced
Electra Partners is an independent private equity fund manager with over 25 years' experience in the mid-market.

During this time, the Electra Partners team has invested in excess of £4.1 billion in more than 200 deals, with a consistent focus on mid-market companies. The firm's long-term investment performance has been consistently superior to private equity and other benchmarks; over the last ten years Electra, which is managed on an exclusive and fully discretionary basis by Electra Partners, has seen diluted NAV per share grow by 260%.

This track record of investing through numerous economic cycles gives Electra Partners both broad and deep experience across sectors, geographies and business models.

As at 31 March 2014 Electra Partners had funds under management of over £1.5 billion including capital available for investment of circa £300 million. Electra accounts for more than 90% of Electra Partners' funds under management; the balance is managed on behalf of US and European pension funds, asset managers and family offices.

Electra Partners' staff of more than forty operates from a single office in London.

The Electra Difference – Flexible Capital
Electra's investment strategy and structure is different from that of almost every other private equity fund. This has two key implications:

First, Electra Partners is able to invest across the full range of private equity opportunities: control and minority, equity and debt, direct and indirect. This means that it can tailor its investment strategy to suit changing market conditions and invest where many others cannot.

Second, Electra Partners is able to provide stable long-term capital. It doesn't face expiring investment periods or exit pressure driven by fund-raising cycles. This means that it can fully support investee companies with a long-term strategy and access to capital, and exit when returns are maximised for shareholders.

Investment Strategy
Throughout its history, Electra Partners has focused on investing for profit growth by backing the right management teams, comprising talented and experienced people with a credible strategy. Electra's flexible capital allows Electra Partners to invest across all forms of private equity situations, which it categorises into three groups:

1. Buyouts and Co-investments: direct investment in good-quality, well-managed businesses that have the potential for profits growth – through organic growth, operational improvement or acquisition. As lead investor, Electra Partners typically invests £40 – 100 million in companies with an enterprise value of up to £300 million. Electra Partners also co-invests £20 – 60 million in minority positions alongside founders, other private equity firms, corporates or the public markets.

2. Secondaries: secondary purchases of existing investors' positions in either individual or portfolios of private equity funds, as well as acquisitions of portfolios of businesses, known as "secondary directs".

3. Debt: secondary purchases from existing lenders of individual or portfolios of either performing or stretched loans, where "stretched" refers to debt in good businesses with bad balance sheets where Electra Partners can take a role in the restructuring of the capital structure.

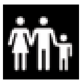
Electra Partners applies the disciplines of buyout investing to its appraisal and management of investments in all three of these groups.

Growth Themes

Electra Partners' investment strategy is not sector-specific, but it targets businesses driven by one or more macro growth themes, including:

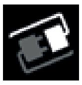
Austerity / Value
Helping consumers and/or businesses reduce costs/save money.

Regulation
Current and prospective regulation as a substantial driver of growth.



Demographic change
Services and products with demand driven by demographic change.

International
Realised or unrealised potential to exploit growth in international markets.



Digital economy
Services and products capitalising on the internet and/or mobile networks.

Team

Electra Partners' senior management team has an average 24 years' experience in private equity. The investment team is supported by a team experienced in compliance, finance, investor relations and marketing. The investment team comprises:

		Years' private equity experience
Hugh Mumford	Managing Partner	32
Tim Syder	Deputy Managing Partner	28
David Symondson	Deputy Managing Partner	30
Alex Fortescue	Chief Investment Partner	20
Rhian Davies	Partner	20
Steve Ozin	Partner	24
Bill Priestley	Partner	17
Alex Cooper-Evans	Investment Partner & Head of Investor Relations	19
Charles Elkington	Investment Partner	19
Nigel Elsley	Property Investment Partner	25
Chris Hanna	Investment Partner	15
Sarah Williams	Investment Director	11
Owen Wilson	Investment Director	13
Nicola Gray	Investment Manager	4
Ian Wood	Investment Manager	11
Shakira Adigun-Boaye	Investment Associate	2
Tom Stenhouse	Investment Associate	2
Oliver Huntsman	Portfolio Manager, UK	31
John Levack	Portfolio Manager, Asia	23

For more information about Electra Partners please visit www.electrapartners.com.

Investment Highlights

"The total return from the investment portfolio of 9% over six months reflects our success in purchasing cash-generative assets at discounted values.

"The strategies we are implementing across the portfolio are successfully improving performance, and this too has contributed to the investment return.

"Electra has continued its high rate of investment activity, with new investments and commitments to invest of £250 million.

"Electra's flexible investment policy and our approach to deal origination mean that we are continuing to see a strong flow of opportunities despite an increasingly competitive market."

Market Environment

In the six months to 31 March 2014, the private equity market has continued to experience the effects of improving investor confidence. The debt and equity markets have been buoyed by high levels of liquidity. The strong market for initial public offerings has offered owners of businesses an alternative to an M&A transaction thus contributing to a reduction in the level of private equity market activity over recent months.

The result is that valuation and leverage multiples have been pushed higher. In this context, we continue to act with our customary discipline in evaluating new investment opportunities.

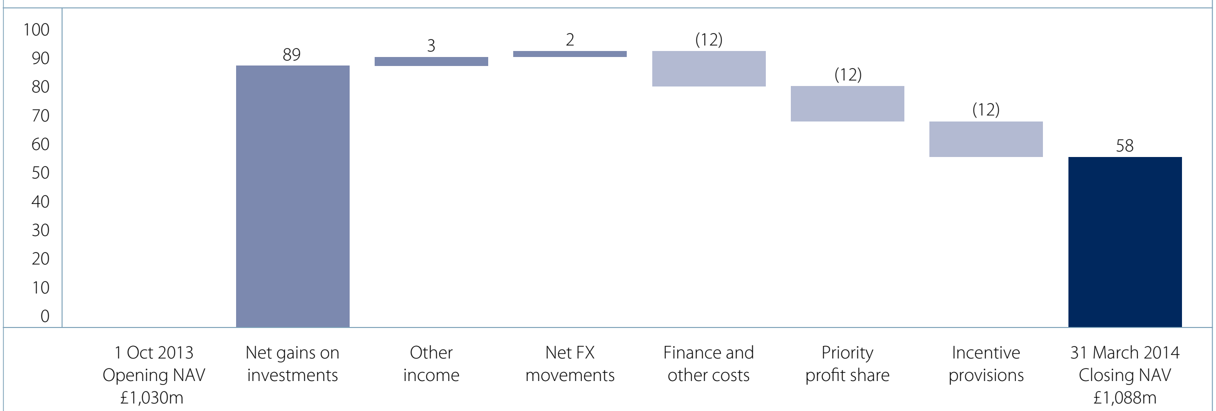
Performance

During the six months to 31 March 2014, Electra's share price made strong progress, increasing by 17% compared to a 6% total return on the Morningstar PE Index (excluding Electra) and a 5% total return by the FTSE All-Share Index over the same period. Electra's diluted net asset value per share has also continued to make positive progress, increasing by more than 5% to 2,914p at 31 March 2014 from 2,764p at 30 September 2013.

Over the ten years to 31 March 2014, the total return on Electra's shares was 268% compared to 39% for the Morningstar PE Index (excluding Electra) and 129% for the FTSE All-Share Index. Electra's diluted net asset value per share including dividends increased over the same period by 260% compared to 42% for the Morningstar PE Index (excluding Electra).

The total return from the investment portfolio in the six months to 31 March 2014 amounted to £89 million or 9%. Currency movements adversely affected the valuation of the investment portfolio by £7 million, which was partially offset by gains on the multicurrency revolving credit facility.

Analysis of Movement in Net Asset Value £m



Investment Activity

Total new investment and commitments to invest for the period reached £250 million compared to £204 million in the corresponding period of the previous year. This amount includes Electra's commitment to invest £116 million in two transactions, namely Ogier Fiduciary Services and Innovia Group, which remained subject to certain conditions precedent at 31 March 2014.

Realisations from the portfolio during the period amounted to £152 million compared to £112 million in the six months to 31 March 2013. Completion of the sale of Lil-lets Group took place in November 2013 with Electra realising £37 million. A significant part of the balance of realisation activity was in respect of cash distributions from a number of more recent investments, including AXIO Data Group and the EP1 Secondary Portfolio.

Outlook

The six months to 31 March 2014 has been another period of positive results. Electra's investment portfolio has continued to grow with substantial new investment and strong performance. Trading conditions across the portfolio have strengthened and this, combined with our value-oriented approach to new investment, allows us to view the portfolio's prospects with confidence.

Although the private equity market is becoming more competitive, we continue to see a strong flow of interesting investment opportunities. Many of these transactions are taking place away from the mainstream and are well suited to Electra's flexible mandate. We continue to adopt a patient and disciplined approach which in our view is a prerequisite for achieving attractive returns in an increasingly competitive market.

Portfolio Review

At 31 March 2014, Electra's investment portfolio was valued at £1,039 million. The investment portfolio consists of direct unlisted investments, secondaries, funds and listed companies. The top 10 and 20 investments account for 63% and 83% respectively of the investment portfolio.

Investment Portfolio – Geographic Breakdown

31 Mar 2014 (31 Mar 2013)

- UK 68% (63%)
- Continental Europe 16% (23%)
- USA 12% (10%)
- Asia and elsewhere 4% (4%)

Portfolio Breakdown

Investment Portfolio	31 March 2014 £m	30 September 2013 £m	31 March 2013 £m
Direct unlisted	732	662	777
Secondaries	112	126	138
Funds	92	93	113
Listed	103	87	93
Investment portfolio	1,039	968	1,121

Direct Unlisted Investments (70% of portfolio)

Direct unlisted investments form the major part of Electra's portfolio and consist of investments in 26 private companies with an aggregate value of £732 million. The 10 largest investments accounted for 80% of the direct unlisted investment portfolio at 31 March 2014.

Secondary Investments (11% of portfolio)

Secondary investments consist of limited partnership interests in third party private equity funds purchased from investors exiting their positions prior to the end of the fund's life. As a result of their relative maturity, secondary investments typically produce faster cash returns than direct unlisted investments. At 31 March 2014 Electra held investments in 5 secondary portfolios with an aggregate value of £112 million.

Investment Portfolio – Sector Breakdown

31 Mar 2014 (31 Mar 2013)

- Agricultural 5% (23%)
- Building and construction 3% (2%)
- Financial services 6% (14%)
- Healthcare 3% (7%)
- Non-cyclical consumer goods 20% (5%)
- Private equity funds 9% (10%)
- Property investment 14% (14%)
- Secondaries 11% (12%)
- Senior bank debt 10% (7%)
- Software and computing 16% (3%)
- Speciality engineering 3% (3%)

Fund Investments (9% of portfolio)

Fund investments consist of limited partnership interests in third party private equity funds where Electra has made a primary commitment to that fund. Since 2006 these have been made primarily to generate co-investment opportunities for Electra. Fund investments made prior to 2006 are in a process of run-off. New primary commitments to funds are no longer a core part of Electra's investment strategy. In total, Electra held investments in 19 funds with an aggregate value of £92 million at 31 March 2014.

Listed Investments (10% of portfolio)

For the most part, listed investments are held where they arise from previously unlisted investments. However, Electra may also invest in listed companies where the management team, which Electra wishes to support, operates through a listed vehicle. Electra held 14 listed investments with an aggregate value of £103 million at 31 March 2014. The increase in the number of listed investments since 30 September 2013 is the result of distributions in specie from funds as well as the inclusion of esure following the expiry of restrictions on sale.

Portfolio Movement

Electra's investment portfolio increased from £968 million to £1,039 million during the six months to 31 March 2014. The increase of £71 million resulted from the acquisition of £134 million of new investments together with the portfolio return of £89 million, offset by realisations of £152 million.

	6 months to 31 March 2014 £m	Year ended 30 September 2013 £m	6 months to 31 March 2013 £m
Opening investment portfolio	968	868	868
Investments	*134	337	204
Realisations	(152)	(459)	(112)
Portfolio return	89	222	161
Closing investment portfolio	1,039	968	1,121

* Additional commitments of £116 million also made in two new investments

New Investments

Total new investment and commitment to invest for the period reached £250 million compared to £204 million in the corresponding period of the previous year. This amount includes Electra's commitment to invest £116 million in two transactions, namely Ogier Fiduciary Services and Innovia Group, which remained subject to certain conditions precedent at 31 March 2014.

The most significant individual new investments and commitments to invest were in respect of Hotter Shoes, Ogier Fiduciary Services, Innovia Group, Calrec and CALA Group.

In January 2014 Electra invested £84 million in the buyout of Hotter Shoes ("Hotter"). 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. Its customers comprise those whose age, lifestyle or profession call for extra comfort. Hotter has more than doubled its sales in the last four years as a result of its UK store opening programme and its entry into the US market; furthermore, the company benefits from favourable demographic trends. This growth trend will be continued with further UK store openings and development of opportunities in the US home shopping market.

In February 2014 Electra committed to invest £83 million in the buyout of Ogier Fiduciary Services ("OFS"). OFS offers trust, fund and company administration services to 3,000 corporate, private and investment fund clients worldwide. As a leading provider of offshore fiduciary services, OFS operates in a fragmented, global market with high barriers to entry and fundamental growth drivers in the form of the increasing regulation and internationalisation of its corporate and investment management markets. The intention is to continue the company's growth trend by developing its international office network, expanding the team and through acquisition.

Direct Unlisted – Age Analysis (by last refinancing date)

31 Mar 2014 (31 Mar 2013)

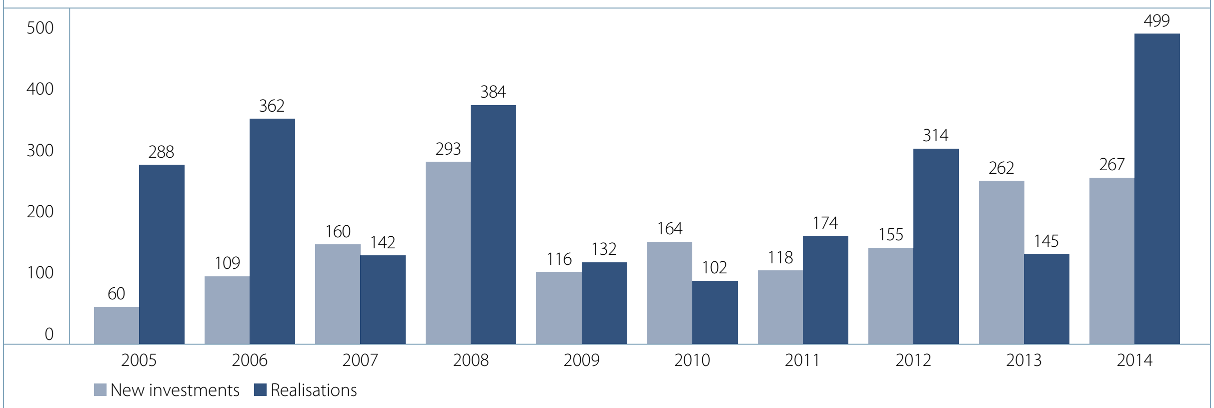
- Less than 1 year old 32% (16%)
- 1–2 years 24% (18%)
- 2–3 years 22% (4%)
- Over 3 years 22% (62%)

Innovia Group is a leading global producer of speciality high performance films used in the packaging industry, where the company occupies leading positions in niche markets and enjoys long-term customer relationships. Innovia is also an established manufacturer of polymer banknote substrate for central banks. Polymer banknotes have numerous advantages over paper notes including security, durability, impermeability and cleanliness but today account for only a small share of all banknotes in circulation. The company's strategy is to grow its packaging films business through product innovation and capacity expansion, while developing its banknote substrate business as central banks around the world increasingly choose to benefit from the advantages of polymer over paper banknotes. In March 2014 Electra agreed to invest €40 million (£33 million) in the buyout of Innovia. The transaction completed in April 2014.

In June 2013 Electra invested £42 million in the buyout of Allen & Heath, the manufacturer of audio mixing consoles for live sound. The company is pursuing a growth plan with investment in new product development and in sales and marketing as well as seeking further acquisitions in the fragmented professional audio sector. In March 2014 Electra invested a further £15 million in the company's first acquisition, that of Calrec. Calrec, which has become a sister company to Allen & Heath, is a market leader in the design and manufacture of audio mixing consoles for use in the television and live broadcast sector and sells to global broadcasters and live broadcast companies including the BBC, CBS and Sky.

Between September and March Electra invested a further £17 million in CALA Group. CALA is a national house builder operating at the premium end of the housing market. The company benefits from not only strong demand for UK housing underpinned by demographic change, but also a number of government policies aimed at increasing the supply of new housing. Electra first invested £13 million in CALA alongside Patron Capital and Legal & General in April 2013. The further investment has been made in order to finance land purchases as well as the acquisition of luxury house builder Banner Homes. The latter will accelerate CALA's strategy to double in size by 2017.

Year to 31 March £m



Realisations

Realisations for the six months to 31 March 2014 amounted to £152 million compared to £112 million in the corresponding period of the previous year.

The most significant realisation related to Lil-lets Group, the feminine hygiene brand. In September 2013 Electra agreed to sell its interest in the company to Premier Foods (Pty) Limited, a major South African manufacturer and distributor of fast moving consumer goods, subject to regulatory approvals. The transaction completed in November 2013 and Electra received proceeds of £37 million.

Electra also received the final instalment of £20 million in respect of deferred consideration from the sale of BDR Thermea. This brings this investment to a successful conclusion.

In addition to the proceeds from Lil-lets and BDR Thermea, Electra received £20 million from the partial disposal of the holding in LondonMetric Property, £18 million of distributions from the EP1 Secondary Portfolio, £17 million of loan repayments and interest from AXIO Data Group and £15 million of loan repayments from the refinancing of Nuaire.

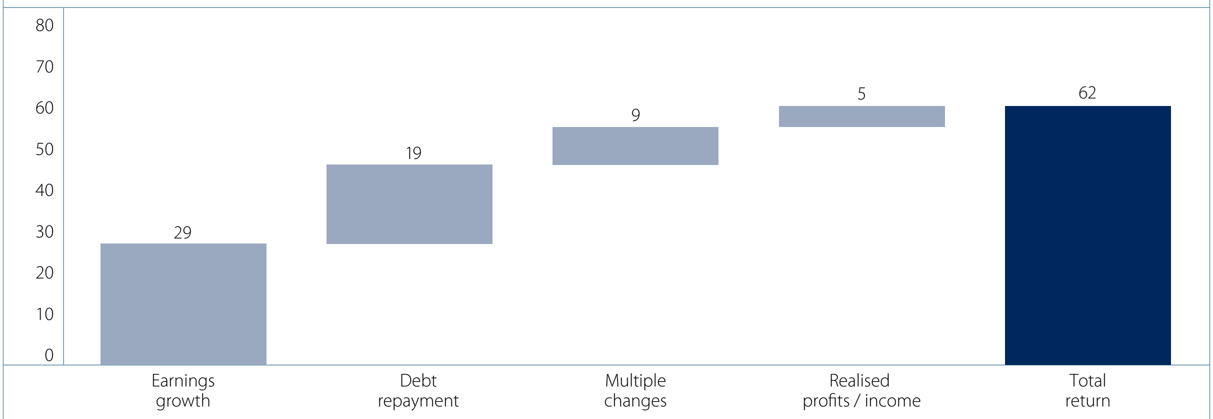
Performance

During the six months to 31 March 2014, Electra's investment portfolio generated a total return of £89 million, an increase of 9% on the opening portfolio of £968 million.

This return arose principally from the direct unlisted investment portfolio which generated a total return of £62 million representing an increase in the six month period of 9%. Listed investments increased by 34%, contributing £29 million to the total return. The secondary portfolios contributed £3 million while fund investments declined by £5 million in the period under review.

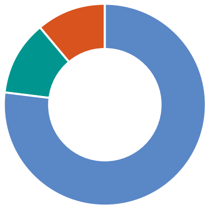
The total return of £62 million from the direct unlisted portfolio included £5 million of realised gains with the balance being unrealised. Unrealised appreciation included an increase of £19 million resulting from debt repayment by portfolio companies, £29 million in respect of earnings growth and £9 million from changes in multiples used for valuation purposes.

Analysis of Gains (Direct Unlisted Portfolio) £m



Direct Unlisted Investments – Valuation Basis

31 Mar 2014 (31 Mar 2013)



- Earnings basis 77% (30%)
- Recent transaction 12% (14%)
- Redemption and exit value 0% (50%)
- Yield/net assets basis 11% (6%)

Valuation Changes

At 31 March 2014 Electra had holdings in 18 direct unlisted investments with a valuation of £5 million or more. Of these, 11 investments increased in value during the period, with the most significant increases being in respect of AXIO Data Group, Park Resorts, Nuaire and Allen & Heath.

The investment strategy for AXIO Data Group included measures to improve profit and cash performance through a focus on costs and working capital. During 2013 the company achieved substantial cost savings and a reduction in working capital which, together with a number of disposals of non-core assets, resulted in strong cash generation. This cash generation, together with an increase in the multiple used to value the company, resulted in the valuation of Electra's investment in AXIO Data Group increasing by £37 million.

Park Resorts performed well over its key summer trading season in 2013. This period also saw the completion of the company's consensual restructuring led by Electra Partners. One benefit of the restructuring is the company's renewed ability to invest surplus cash in its estate and this commenced over the winter months when a substantial capital expenditure programme was carried out to support future growth. Park Resorts' strong performance resulted in a £10 million increase in the valuation of the investment.

The valuation of Nuaire was increased by £7 million as a result of strong profit growth. Under Electra's ownership the company maintained its investment in product development and manufacturing capabilities throughout the recession and is now well positioned to benefit from the recovery in the construction cycle.

The growth strategy for Allen & Heath includes investment in new product development and in sales and marketing. Progress has been made in both areas and revenue growth has accelerated. As a result the valuation of Electra's investment in Allen & Heath has been increased by £6 million.

Four investments were decreased in value during the period, with the most significant decreases being in respect of Allflex and Promontoria.

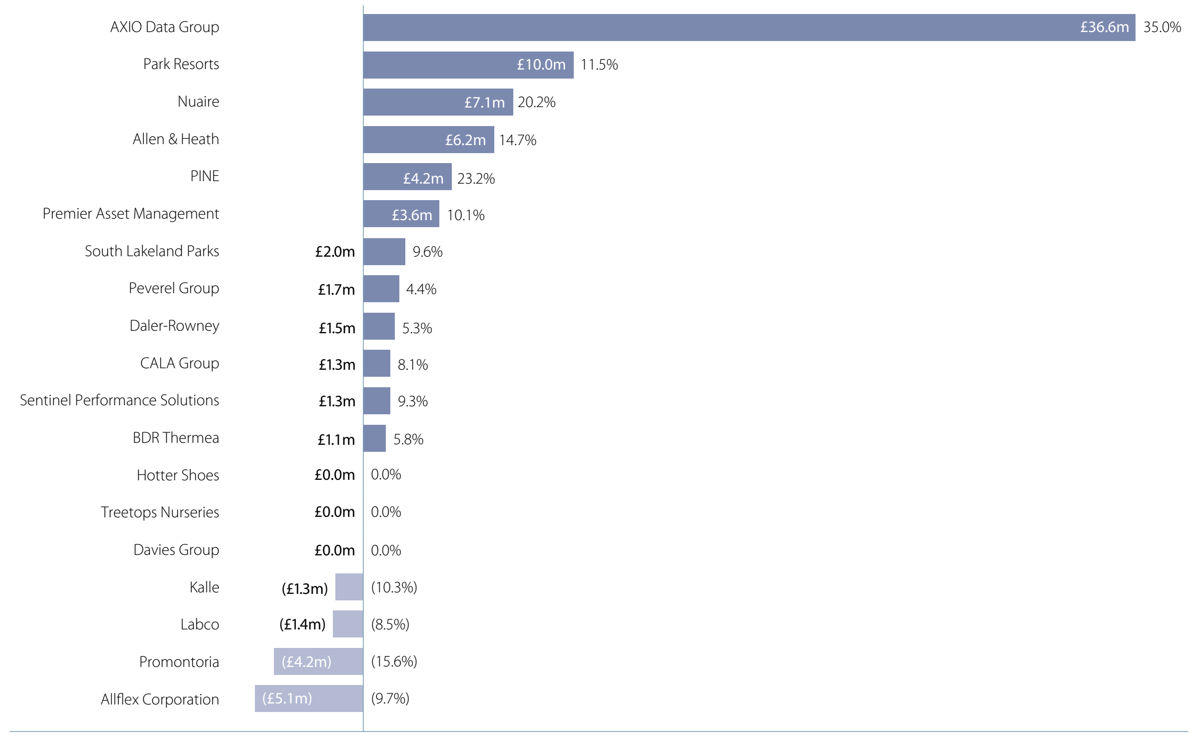
The valuation of the investment in Allflex has been reduced by £5 million. This reflected adverse currency movements and a reduction in the multiple used to value the company partially offset by profits growth.

Following a portfolio review, Promontoria reduced the valuation of its real estate holdings. As a result, the valuation of Electra's investment in Promontoria declined by £4 million.

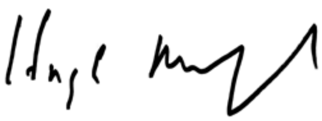
Direct Unlisted Investments – Valuation Changes

The table below shows the valuation changes in respect of Electra's largest direct unlisted investments. The remaining direct unlisted investments were reduced in value by £3 million in aggregate.

Direct Unlisted Investments – Valuation Changes



At 31 March 2014 direct unlisted investments valued on an earnings basis reflect a weighted average EV:EBITDA ratio of 8.3x. This compares to 7.7x at 30 September 2013 and to 9.6x for the FTSE 250 (excluding investment companies) at 31 March 2014. As a measure of sensitivity a 10% increase in the EV:EBITDA ratio used to value the direct unlisted investments would result in a £97 million increase in their valuation.



Hugh Mumford
Managing Partner
Electra Partners LLP
28 May 2014

Key New Investments and Realisation

New Investment	
Equity Ownership:	61.3%
Valuation:	£84,454,000
Cost:	£84,454,000
Type of Deal:	Buyout

Valuation based on price of recent transaction

Hotter Shoes

Location | UK

In January 2014 Electra invested £84 million in the secondary management buyout of Hotter Shoes ("Hotter") from Gresham LLP.

Hotter is a leading UK designer, manufacturer and retailer of stylish and exceptionally comfortable shoes. The company's core market is the UK, where it sells in stores, in catalogues and online. It has growing international sales in the US, the Middle East and South Africa. Its high-quality products are bought by the growing number of people whose age, lifestyle or profession means that comfort is essential and it enjoys strong customer loyalty.

This is a growth business, whose sales had more than doubled in the four years prior to the buyout. Hotter's growth strategy is built on a continued store opening programme in the UK, on further growth in international markets through distance selling channels, on increasing online sales, and on range development and extension to broaden the target market. The intention is to support this strategy, which itself is underpinned by favourable demographic trends.

www.hotter.com

New Investment	
Equity Ownership:	28%
Valuation:	n/a
Cost:	£32,657,000
Type of Deal:	Co-investment

Innovia Group

Location | International

In March 2014 Electra agreed to invest £33 million in the €498 million buyout of Innovia Group from the Candover 2001 Fund. The transaction completed in April 2014.

Headquartered in Cumbria, Innovia is a leading global producer of speciality high performance films primarily used in packaging applications for the food industry. The company occupies leading positions in niche markets and enjoys long-term customer relationships.

Innovia is also an established manufacturer of polymer banknote substrate. Polymer banknotes have numerous advantages over paper notes including security, durability, impermeability and cleanliness, yet today account for only a small share of all banknotes in circulation.

The company's strategy is to grow its packaging films business through product innovation and capacity expansion, while developing its banknote substrate business as central banks around the world increasingly choose to benefit from the advantages of polymer over paper banknotes. In early 2014, Innovia announced a new contract with the Bank of England for the supply of polymer substrate for the next generation £5 and £10 notes.

www.innoviafilms.com
www.innoviasecurity.com

Realisation	
Equity ownership:	61.7%
Proceeds:	£37,105,000
Cost:	£28,144,000
Type of Deal:	Buyout

Valuation based on exit value

Lil-lets Group

Location | UK and South Africa

In 2006 Electra made a £26 million equity investment in the management buyout of Lil-lets from Accantia Group. Having previously seen the return of £5 million, Electra made a further £7 million equity investment in 2012 in order to support growth.

Lil-lets is a leading branded feminine hygiene business and offers a complete portfolio of feminine hygiene products under one brand. The business occupies leadership positions both in the mature UK and growing African markets, supported by a trusted brand and an innovative approach to new product development.

In the UK, growth has been stimulated through brand investment. In Africa, the business has been expanded through geographic extension and performance improvement.

In November 2013 Lil-lets was sold to Premier Foods (Pty) Limited, a major South African manufacturer and distributor of fast-moving consumer goods. Electra received gross proceeds of £37 million.

www.lil-lets.com

Key Investments

Direct Unlisted and Secondary Investments

£m	Fair Value of holding at 30 Sept 2013 £m	Net payments/ (receipts) £m	Performance in period £m	Fair Value of holding at 31 Mar 2014 £m	Cost of holding at 31 Mar 2014
AXIO DATA GROUP B2B information services	105	(17)	37	125	72
PARK RESORTS Caravan parks operator	87	(1)	10	96	70
EP1 SECONDARY PORTFOLIO Secondary private equity funds	106	(18)	2	90	56
HOTTER SHOES Shoe designer, manufacturer and retailer	–	84	–	84	84
ALLEN & HEATH Audio mixing console manufacturer	42	11	6	59	54
ALLFLEX CORPORATION Animal identification systems	53	–	(5)	48	57
PEVEREL GROUP Property management services	40	–	2	42	22
PREMIER ASSET MANAGEMENT Investment management	36	–	4	40	56
CALA GROUP National house builder	16	17	1	34	30
DALER-ROWNEY Fine art materials supplier	28	–	1	29	17
NUAIRE Ventilation systems manufacturer	35	(15)	7	27	13
PROMONTORIA Property holding company	27	(1)	(4)	22	12
PINE Property holding company	18	(1)	5	22	14
SOUTH LAKELAND PARKS Caravan parks operator	21	(2)	2	21	19
DAVIES GROUP Insurance claims management	15	3	–	18	39
LABCO Medical diagnostics	16	–	(1)	15	25
SENTINEL PERFORMANCE SOLUTIONS Heating system treatment products	13	–	2	15	16
Sub total	658	60	69	787	656
Other investments	131	(70)	(4)	57	
Total Direct Unlisted and Secondary Investments	789	(10)	65	844	

Listed Investments

	Fair Value of holding at 30 Sept 2013 £m	Net payments/ (receipts) £m	Performance in period £m	Fair Value of holding at 31 Mar 2014 £m	Cost of holding at 31 Mar 2014 £m
ZENSAR TECHNOLOGIES Software	24	–	15	39	4
LONDONMETRIC PROPERTY Property holding company	31	(20)	5	16	12
DINAMIA Spanish private equity	8	–	2	10	14
	63	(20)	22	65	30
Other investments	24	7	7	38	
Total Listed Investments	87	(13)	29	103	

Fund Investments

	Fair Value of holding at 30 Sept 2013 £m	Net payments/ (receipts) £m	Performance in period £m	Fair Value of holding at 31 Mar 2014 £m	Cost of holding at 31 Mar 2014 £m
Funds	93	4	(5)	92	141

The three largest funds were Motion Equity Partners, N+1 Private Equity and Sinergo Con Imprenditori, which accounted for 43% of the total value.

Large Private Equity Investments

Equity Ownership:	68.8%
Valuation:	£124,749,000
Cost:	£72,280,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

AXIO Data Group

Location | International

In 2013 Electra invested £91 million in debt and equity to finance the £148 million acquisition of UBM plc's Data Services division.

AXIO comprises seven information businesses serving a range of sectors in over 25 countries: healthcare, intellectual property licensing, containerised trade and breakbulk services, aviation and forest products.

AXIO's businesses are defensive by virtue of their industry and geographic diversity. Its strong brands occupy leadership positions in niche markets and it is robust and cash-generative. The strategy is to grow profits through revenue growth, performance improvement and acquisition, and to realise multiple arbitrage by selling the portfolio's components to strategic acquirers. The first bolt-on acquisition, of FOEX Indexes, was completed by RISI in March 2014.

During 2013 AXIO achieved substantial cost savings following completion of a cost review and successfully reduced its investment in working capital. Disposals of non-core assets, including Axilog in France and Medical Observer in Australia, further added to cash flow, allowing the company to return £24 million to Electra since acquisition.

www.axiogroup.net

Equity Ownership:	48.9%
Valuation:	£96,080,000
Cost:	£69,571,000
Type of Deal:	Debt

Valuation based on multiple of earnings

Park Resorts

Location | UK

In 2012 Electra acquired senior debt in Park Resorts for £70 million at a significant discount to face value, making Electra the largest lender to the group.

Park Resorts is a leading UK operator of caravan holiday parks. The company has a strong management team and a leading position in a defensive, fragmented sector that has performed strongly throughout the recession.

While the investment case produced attractive returns in the event of the debt position being held to maturity, the strategy was to take an equity position in Park Resorts through a restructuring of the company's debt and thereafter to grow the business both organically and through acquisition.

The restructuring of Park Resorts' debt was completed in August 2013, when funds managed or advised by Electra Partners became the majority shareholders, and a significant amount of capital was made available to improve park facilities.

Park Resorts performed well in the year to March 2014 and in the winter months completed a substantial capital investment which is expected to support further growth.

www.park-resorts.com

Equity Ownership:	86%
Valuation:	£59,141,000
Cost:	£53,660,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

Allen & Heath

Location | UK

In 2013 Electra invested £42 million in debt and equity in the £43 million acquisition of Allen & Heath from D&M Holdings. In March 2014 Electra invested a further £15 million to acquire Calrec.

Allen & Heath and Calrec both design and manufacture audio mixing consoles. Allen & Heath's products are used to manage live sound in concert venues, theatres, houses of worship and other settings. Calrec's products are used by the television broadcast industry. Both businesses have strong brands, well-regarded products and international distribution. The acquisition of Calrec is part of the strategy to consolidate the fragmented professional audio industry. Calrec has become a sister company to Allen & Heath and will continue to be managed separately.

The intention is to continue the growth record of both businesses with a strategy based on investment in new product development as well as in sales and marketing to extend their market position.

Since acquisition the group has performed in line with expectations.

www.allen-heath.com
www.calrec.com

Equity Ownership:	14.9%
Valuation:	£47,742,000
Cost:	£56,656,000
Type of Deal:	Co-investment

Valuation based on multiple of earnings

Allflex Corporation

Location | International

In 1998 Electra invested £23 million in the US$160 million buyout of Allflex, the world's leading manufacturer and distributor of animal identification tags. In 2013 Electra sold its investment in Allflex generating a return of 15x original cost and an IRR of 28%. Electra made a new equity investment of £57 million for a minority stake in Allflex alongside the private equity buyer.

Allflex has seen strong growth driven by increased regulation of the food chain to ensure food safety. Since 1998, the company has expanded geographically, developed new products to address a wider range of animal species, invested in new technologies such as electronic identification or genetic tags, and acquired a number of smaller competitors. Increasing requirements for food chain security create strong long-term growth prospects for Allfex. Severe drought conditions in Australia and a cold spring in northern Europe held back profit growth in 2013, however the current year has started more strongly. As a US dollar investment, the 31 March 2014 sterling valuation has been negatively impacted by the relative weakness of the US dollar.

www.allflex-group.com

Equity Ownership:	49.4%
Valuation:	£41,692,000
Cost:	£21,973,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

Peverel Group

Location | UK

In 2012 Electra made a £22 million equity investment in the £62 million acquisition of Peverel, the UK's leading property management services group, from its administrators.

Peverel provides residential property management services to 4,000 retirement and other residential developments across the UK and also performs telecare and telehealth monitoring.

The business is the market leader in a robust market, and offers the opportunity to grow as a result of demographic change and the outsourcing of local authority telecare services. Investment in service improvement initiatives and business development capabilities is expected to enable the business to solidify its market leadership position and grow its customer base.

During 2013, Peverel completed the recruitment of its senior management team, redesigned business processes in order to improve customer service, and started to work more closely with customers to better meet their requirements. Profits for the year were slightly ahead of those in the previous year despite investment in the management team and change programme.

www.peverel.co.uk

Equity Ownership:	73.7%
Valuation:	£39,524,000
Cost:	£56,069,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

Premier Asset Management

Location | UK

In 2007 Electra made a £33 million minority equity and debt investment in the take-private of Premier. In 2009 Electra made a further £24 million equity investment to support the acquisition of two OEICs from Aberdeen Asset Management.

Premier is a retail asset manager, with the bulk of its assets under management ("AUM") in branded retail funds, of which the largest franchises are in multi-asset, UK equities, global equities and fixed income. The retail investment market displays growth drivers including demographic and regulatory change and trends in pensions provision, from which Premier is well-placed to benefit due to its strong product portfolio and investment performance. The intention is to accelerate growth by investing in sales and marketing and by building scale through acquisition.

AUM now stand at £2.7 billion, 20% ahead of the prior year. Net sales of investment products have continued to improve driven by strong performance in the multi-asset funds, which are particularly in demand with retail investors and their advisers in the post-RDR environment, as well as an increased marketing investment.

www.premierfunds.co.uk

Equity Ownership:	10.5%
Valuation:	£33,660,000
Cost:	£30,055,000
Type of Deal:	Co-investment

Valuation based on net assets

CALA Group

Location | UK

In 2013 Electra made an equity investment of £13 million alongside Patron Capital Partners and Legal & General in the £210 million acquisition of CALA Group from Lloyds Banking Group. During 2014 Electra increased its investment to £30 million to support land purchases and the acquisition of Banner Homes.

CALA Group is a national house builder which provides high quality homes in Scotland, the Midlands and South East England. Banner Homes' focus on premium homes in the South East represents a strong strategic fit for CALA and accelerates its strategy to double in size by 2017.

The UK currently experiences a significant undersupply of new houses. Loosening planning regulations, measures to improve mortgage availability and an improving macroeconomic environment are creating favourable conditions for an investment in the house building sector.

CALA continues to show strong growth on prior year due to the housing market recovery.

www.cala.co.uk/group

Equity Ownership:	41.1%
Valuation:	£28,993,000
Cost:	£17,435,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

Daler-Rowney

Location | International

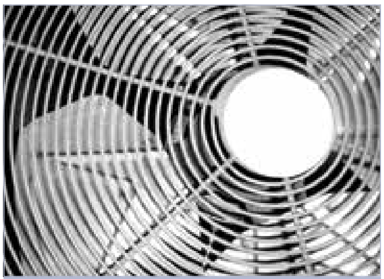
In 2011 Electra made a £17 million equity investment in support of the buyout of Daler-Rowney from private shareholders.

Daler-Rowney is one of the largest suppliers of fine art materials in the world with a comprehensive product range including artists' paints, brushes, papers and canvases which meet the needs of artists from beginners to professionals. The company manufactures its products in the UK, the Dominican Republic and Germany and sells in more than ninety countries worldwide.

The company occupies a leading position in a stable, niche market benefiting from high barriers to entry created by products, brands and supply chain complexity. The intention is to continue to invest in product development and in sales and marketing in order to grow market share, and at the same time to undertake further geographic expansion.

Daler-Rowney continued to grow sales and profits in the year ended 31 December 2013, assisted by the integration of Schoenfeld, which was acquired at the beginning of 2013. Growth has continued into the current year across the company's markets.

www.daler-rowney.co.uk



Equity Ownership:	49.0%
Valuation:	£26,906,000
Cost:	£13,206,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

Nuaire

Location | UK

In 2007 Electra invested £23 million in the £83 million secondary management buyout of Nuaire from ECI Partners.

Nuaire is a leading UK based manufacturer and distributor of ventilation equipment for commercial and residential applications.

Nuaire is well-placed to benefit from increasing demand for ventilation systems to comply with more stringent UK building regulations and energy efficiency requirements. In addition to market growth, Nuaire is seeking to broaden its addressable markets with a series of new product launches in adjacent markets.

In February 2014 Nuaire completed a debt refinancing which returned £15 million of capital to Electra. Over the last 12 months the business has experienced a recovery in its markets as economic growth has returned. The company has maintained its investment in product development and manufacturing capabilities during the recession and is therefore well positioned to capitalise on the continued recovery which is forecast for the construction market during 2014.

www.nuaire.co.uk

Equity Ownership:	10.7%
Valuation:	£21,785,000
Cost:	£12,380,000
Type of Deal:	Buyout

Valuation based on net assets

Promontoria

Location | Germany

In 2002 Electra provided acquisition funding to a new company to allow it to undertake the sale and leaseback of certain property assets. The company was itself acquired in 2007 by Promontoria, an unleveraged investment company, for which Electra received consideration in the form of ordinary shares and loan stock.

Today Promontoria owns 91 retail properties situated throughout Germany. Of these, 79 are leased to the German discount chain Woolworth, which underwent a financial restructuring in 2010. The business strategy is to develop the portfolio and improve the tenant mix. Properties are available for sale if attractive and deliverable offers are received.

The German retail property market has remained buoyant during 2013. Over the past 18 months, 10 stores have been redeveloped and leased to a range of high street names. Over the past six years, 18 stores have been sold by Promontoria for aggregate net proceeds in excess of €160 million, these funds have been distributed to shareholders, with Electra receiving €19 million.

Equity Ownership:	99.0%
Valuation:	£21,601,000
Cost:	£13,933,000
Type of Deal:	Co-investment

Valuation derived from property investment value

PINE

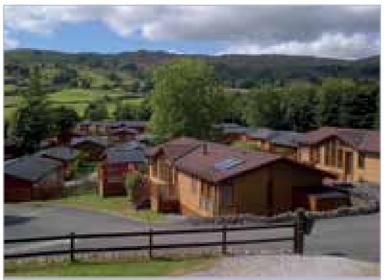
Location | UK

Electra first invested in PINE as a start-up business in 2005 to exploit an identified opportunity to create a new institutionally acceptable property asset class in conjunction with an experienced property specialist and a nursery school operator.

PINE initially comprised a sale and leaseback property investment portfolio of nursery schools let on index-linked leases to nursery school operators, as well as a nursery school operating business (Treetops Nurseries). In 2012 Treetops Nurseries was spun out of PINE as part of a refinancing and is now a standalone investment in Electra's portfolio, valued at £9 million at 31 March 2014. Treetops is one of the UK's top 10 operators now operating 49 schools.

PINE's property portfolio is cash positive after debt servicing and has maintained its value in a difficult non-prime commercial property market through a combination of rental growth and general market appetite for index-linked rental income.

www.thepinefund.com



Equity Ownership:	70.5%
Valuation:	£21,126,000
Cost:	£19,086,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

South Lakeland Parks

Location | UK

In September 2013 Electra invested £21 million in equity in the £47 million management buyout of South Lakeland Parks from White Ocean Leisure and its lenders. Of this investment, £2 million was subsequently syndicated to a co-investor.

South Lakeland owns and operates nine high-quality holiday parks in the English Lake District and Morecambe Bay area. Electra's existing portfolio company, Park Resorts, manages South Lakeland's parks.

The key attraction of South Lakeland is its high-quality holiday parks which fit well with the existing Park Resorts portfolio. Electra evaluated the opportunity alongside Park Resorts and it is expected that Park Resorts' management team will deliver operational improvements and profit growth in the South Lakeland portfolio. The intention is to invest in the infrastructure and facilities of the holiday parks to further enhance their appeal to both caravan owners and holiday-makers. There is also scope to further develop the existing South Lakeland estate.

The implementation of the operational improvement plans is progressing well and trading under Electra's ownership has been strong.

www.southlakelandparks.co.uk

Equity Ownership:	57.1%
Valuation:	£17,787,000
Cost:	£38,828,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

Davies Group

Location | UK

In 2011 Electra invested £36 million in equity in the management buyout of Davies Group from LDC. A further £3 million was invested in December 2013 to fund the acquisition of Garwyn.

Davies Group provides insurance claims services, including claims management, validation and loss adjusting, and claims fulfilment on behalf of insurance companies, specialist MGAs, brokers and self-insured entities.

Davies intends to grow its customer base by offering insurers a compelling outsourced solution and investing in technology and business process redesign to increase service levels and improve value for money. In parallel, the company is diversifying into non-weather correlated markets, such as liability and commercial insurance lines.

Davies has undertaken a significant project to realign its cost base and to stimulate top-line growth, winning a number of significant new clients which will drive revenue over the coming years. Performance has improved significantly over the last 12 months, and the company is on a stable-footing from which to continue its growth.

www.davies-group.com

Equity Ownership:	4.6%
Valuation:	£14,890,000
Cost:	£25,336,000
Type of Deal:	Co-investment

Valuation based on multiple of earnings

Labco

Location | International

In 2008 Electra invested €30 million in a minority equity position in Labco.

Labco is Europe's largest private network of clinical laboratories with over 4,500 professionals performing 500,000 tests per day for approximately 15 million patients each year. It is the market leader in France, Spain and Portugal and also occupies leading positions in Italy and Belgium.

The company operates in fragmented markets in which overall demand is growing due to demographic change, medical advances and an increased propensity to test preventatively. At the same time, regulatory changes and public spending pressure are expected to lead to market consolidation favouring larger players. The strategy has been to support Labco in its acquisition of smaller laboratory groups, with the company's scale and infrastructure subsequently being used to improve the acquired businesses. Today the company is one of the largest independent operators with approximately 200 labs and a market share of 5%.

In September 2013 Labco sold its sub-scale German business to competitor Sonic Healthcare for €76 million.

www.labco.eu

Equity Ownership:	50.0%
Valuation:	£14,725,000
Cost:	£15,952,000
Type of Deal:	Buyout

Valuation based on multiple of earnings

Sentinel Performance Solutions

Location | UK

In 2011 Electra invested £43 million in equity in the secondary management buyout of Sentinel Performance Solutions from The Riverside Company. Electra's investment was reduced to £16 million by a subsequent debt and equity refinancing.

Sentinel supplies water treatment products which improve the performance and efficiency of residential heating and hot water systems by protecting against limescale and corrosion and by removing sludge and flux.

Sentinel enjoys a market-leading position in the UK, France, Germany and Italy, strong barriers to entry, and resilient demand supported by regulation and the non-discretionary nature of new boiler installations (over 70% replace a broken boiler). With regulations and energy efficiency targets as the key drivers, the strategy is to grow the company organically, through greater market penetration in Europe and new product development.

Sentinel's performance has improved in 2013 as result of the recovery in the boiler market on the back of government-sponsored energy efficiency schemes and the impact of new product launches.

www.sentinel.co.uk

Hotter Shoes

Shoe designer, manufacturer and retailer

Consolidated Income Statement (unaudited)

Note	For the six months ended 31 March	Revenue £m	Capital £m	2014 Total £m	Revenue £m	Capital £m	2013 Total £m
	Profit on investments:						
	Investment income/net gain	26	67	93	15	154	169
	Profit/(loss) on revaluation of foreign currencies	–	3	3	–	(11)	(11)
		26	70	96	15	143	158
	Incentive schemes	–	(12)	(12)	–	(51)	(51)
	Priority profit share	(12)	–	(12)	(11)	–	(11)
	Income reversal	(1)	–	(1)	(4)	–	(4)
	Other expenses	(1)	–	(1)	(1)	–	(1)
	Net Profit before Finance Costs and Taxation	12	58	70	(1)	92	91
	Fair value movements on derivatives	–	–	–	–	–	–
	Finance Costs	(8)	(2)	(10)	(8)	(2)	(10)
	Profit on Ordinary Activities before Taxation	4	56	60	(9)	90	81
	Taxation (expenses)/credit	(1)	–	(1)	–	–	–
	Profit on Ordinary Activities after Taxation attributable to owners of the parent	3	56	59	(9)	90	81
3	**Basic Earnings per Ordinary Share (pence)**	8.63	157.79	166.42	(26.06)	255.62	229.56
3	**Diluted Earnings per Ordinary Share (pence)**	15.73	138.68	154.41	(15.06)	224.63	209.57

The 'Total' columns of this statement represent the Group's 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.

The amounts dealt with in the Consolidated Income Statement are all derived from continuing activities.

Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended 31 March	2014 £m	2013 £m
Profit for the period	59	81
Exchange differences arising on consolidation	(1)	2
Total Comprehensive Income for the period	58	83
Total Comprehensive Income attributable to owners of the parent	58	83

Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 31 March 2014 for the Group

	Called-up share capital £m	Share premium £m	Capital redemp-tion reserve £m	Other reserves £m	Translation reserve £m	Realised capital profits/ (losses) £m	Unrealised capital profits/ (losses) £m	Revenue reserves £m	Total share-holders' funds £m
Opening balance at 1 October 2013	9	24	34	23	(4)	1,059	(127)	12	1,030
Net revenue transferred to reserves	–	–	–	–	–	–	–	3	3
Net profits on realisation of investments during the period	–	–	–	–	–	2	–	–	2
Financing costs	–	–	–	–	–	(2)	–	–	(2)
Increase in value of non-current investments	–	–	–	–	–	–	65	–	65
Increase in incentive provisions	–	–	–	–	–	–	(12)	–	(12)
Gains and losses on foreign currencies	–	–	–	–	(1)	(1)	4	–	2
Unrealised net appreciation at 1 October 2013 on investments sold in the period	–	–	–	–	–	(25)	25	–	–
At 31 March 2014	9	24	34	23	(5)	1,033	(45)	15	1,088

For the six months ended 31 March 2013 for the Group

	Called-up share capital £m	Share premium £m	Capital redemp-tion reserve £m	Other reserves £m	Translation reserve £m	Realised capital profits/ (losses) £m	Unrealised capital profits/ (losses) £m	Revenue reserves £m	Total share-holders' funds £m
Opening balance at 1 October 2012	9	24	34	23	(4)	853	(44)	21	916
Net revenue transferred to reserves	–	–	–	–	–	–	–	(9)	(9)
Net profits on realisation of investments during the period	–	–	–	–	–	13	–	–	13
Financing costs	–	–	–	–	–	(2)	–	–	(2)
Increase in value of non-current investments	–	–	–	–	–	–	141	–	141
Increase in incentive provisions	–	–	–	–	–	–	(51)	–	(51)
Gains and losses on foreign currencies	–	–	–	–	2	2	(13)	–	(9)
Unrealised net appreciation at 1 October 2012 on investments sold during the period	–	–	–	–	–	27	(27)	–	–
At 31 March 2013	9	24	34	23	(2)	893	6	12	999

Consolidated Balance Sheet (unaudited)

Note			As at 31 March 2014		(Audited) As at 30 September 2013		As at 31 March 2013
		£m	£m	£m	£m	£m	£m
	Non-Current Assets						
	Investments held at fair value:						
	Unlisted and listed portfolio		1,039		968		1,121
	Liquidity funds		190		245		276
			1,229		1,213		1,397
	Current Assets						
5	Trade and other receivables	37		4		19	
	Current tax asset	2		1		1	
	Cash and cash equivalents	224		207		76	
		263		212		96	
	Current Liabilities						
	Trade and other payables	9		4		112	
	Derivative financial instrument	1		1		1	
	Net Current Assets/(Liabilities)		253		207		(17)
	Total Assets less Current Liabilities		1,482		1,420		1,380
	Zero Dividend Preference Shares	63		61		59	
	Bank loans	155		158		163	
	Convertible Bond	83		82		80	
	Provisions for liabilities and charges	93		89		79	
	Non-Current Liabilities		394		390		381
	Net Assets		1,088		1,030		999
	Capital and Reserves						
6	Called up share capital		9		9		9
	Share premium	24		24		24	
	Capital redemption reserve	34		34		34	
	Translation Reserve	(5)		(4)		(2)	
	Other Reserves	23		23		23	
	Realised capital profits	1,033		1,059		893	
	Unrealised capital (losses)/profits	(45)		(127)		6	
	Revenue Reserve	15		12		12	
			1,079		1,021		990
	Total Equity Shareholders' Funds		1,088		1,030		999
4	**Basic Net Asset Value per Ordinary Share**		3,079.59		2,914.08		2,827.79
4	**Diluted Net Asset Value per Ordinary Share**		2,913.51		2,763.61		2,683.63
	Ordinary Shares in issue at 31 March		35,343,119		35,342,292		35,341,025

The notes on pages 31 to 38 are an integral part of the financial statements.

Consolidated Cash Flow Statement (unaudited)

For the six months ended 31 March	£m	2014 £m	£m	2013 £m
Operating activities				
Purchase of portfolio investments	(132)		(103)	
Purchase of other investments	(85)		(158)	
Amounts paid under incentive schemes	(5)		(3)	
Sales of portfolio investments	131		90	
Sales of other investments	105		181	
Dividends and distributions received	1		6	
Other investment income received	20		4	
Expenses paid	(12)		(12)	
Taxation expense	–		(2)	
Net Cash Inflow from Operating Activities		23		3
Financing Activities				
Finance costs paid	(3)		(3)	
Convertible Bond Interest paid	(3)		(3)	
Net Cash Outflow from Financing Activities		(6)		(6)
Changes in cash and cash equivalents		17		(3)
Cash and cash equivalents at 1 October		207		78
Translation difference		–		1
Cash and Cash Equivalents at 31 March		224		76

Notes to the Accounts

Within the notes to the Half Year Report, all current and comparative data covering periods to, or as at, 31 March are unaudited.

1 Accounting Policies

Basis of Accounting

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 accounts for the year ended 30 September 2013, 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 accounts 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 2014, 30 September 2013 and 31 March 2013 and for the periods ended 31 March 2014 and 31 March 2013, the related Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cashflow Statement and the related notes hereinafter 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, IAS34 and the principal accounting policies and key estimates set out in the Annual Report for the year ended 30 September 2013 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

At the balance sheet date, the Company has adopted all Standards and IFRIC interpretations that were either issued, or which become effective, during the year. None of the standards adopted below had any significant impact on the Group's accounts:

- Amendment to IAS 34 'Interim financial reporting'.
- IFRS 13 'Fair value measurement' insofar as required by the amended IAS 34 paragraph 16A(j).

At the date of authorisation of these financial statements, the IASB and the IFRIC have issued the following standards, amendments and interpretations to be applied to financial statements with periods commencing on or after the following dates:

- IFRS 10, 'Consolidated financial statements'. Effective in the EU for annual periods starting on or after 1 January 2014.
- IFRS 12 'Disclosure of interests in other entities'. Effective in the EU for annual periods starting on or after 1 January 2014.
- Amendments to IFRS 10, IFRS 11, and IFRS 12 on transition guidance. Effective in the EU for annual periods starting on or after 1 January 2014.
- IFRS 13 'Fair value measurement'. Electra has applied IFRS 13 insofar as required by IAS 34 paragraph 16 A (j). The standard is effective in the EU for annual periods starting on or after 1 January 2013.
- Amendment to IFRS 7, 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities. Effective in the EU for annual periods starting on or after 1 January 2013.
- Amendment to IAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities. Effective in the EU for annual periods starting on or after 1 January 2014.
- Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12 and IAS 27 for investment entities. Effective in the EU for periods starting on or after I January 2014.
- IFRS 9 'Financial instruments' – classification and measurement. Effective for periods starting on or after 1 January 2015, although has not yet been endorsed in the EU.
- Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting. Effective in the EU for periods starting on or after 1 January 2014.

Principles of Valuation of Investments

General

In valuing investments, Electra Partners values investments at Fair Value at the measurement date.

Fair Value represents the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating Fair Value, the Manager uses a methodology which is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio. Methodologies are applied consistently from one period to another except where a change results in a more accurate estimate of Fair Value.

Unlisted Investments

The principal methodologies applied in valuing unlisted investments at the measurement date include the following:

- Earnings multiple
- Price of recent investment
- Net assets
- Discounted cash flows
- Industry valuation benchmarks
- Exit price

In assessing whether a methodology is appropriate the Manager will be biased towards those methodologies that draw heavily on market based measures of risk and return, favouring those that rely on observable market data rather than assumptions.

Typically an earnings multiple basis will be used. In applying the earnings multiple methodology, the Manager applies a market based multiple that is appropriate and reasonable to the maintainable earnings of the portfolio company. In the majority of cases the Enterprise Value of the underlying business is derived by the use of an earnings multiple applied to the current year's earnings where these can be forecast with a reasonable degree of certainty and are deemed to represent the best estimate of maintainable earnings. Where this is not the case, historic earnings will generally be used in their place.

- The Enterprise Value of the underlying business will be calculated using the earnings multiple or other appropriate basis (as above);
- The Enterprise Value of the underlying business will then be adjusted for surplus assets, in particular surplus cash or excess liabilities to arrive at an Enterprise Value for the portfolio company; and
- The valuation of Electra's investment will be calculated from the Enterprise Value for the portfolio company after deduction of prior ranking debt and other financial instruments.

The Manager will normally derive the earnings multiple by reference to current market based multiples reflected in the valuations of quoted comparable companies or the price at which comparable companies have changed ownership. Differences between the comparator multiple and the unquoted company being valued are reflected by adjusting the multiple for points of difference. The reasons why such adjustments may be necessary include the following:

- Size and diversity of the entities
- Rate of growth of earnings
- 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
- Risks arising from the lack of marketability of the shares

Where a recent investment has been made, either by Electra or by a third party in one of Electra's investments, after considering the background of the underlying investment, this price will generally be used as the estimate of Fair Value, subject to consideration of changes in market conditions and company specific factors. Other methodologies, as detailed above, may be used at any time if this is deemed to provide a more accurate assessment of the Fair Value of the investment. The indicators that the price of recent investment may no longer be appropriate include:

- Significant under / over achievement of budgeted earnings
- Concerns with respect to debt covenants or refinancing
- Significant movements in the market sector of the investment
- Regulatory changes in the industry

The Company's valuation model for debt instruments is the net present value of estimated future cash flows based on a discounted cash flow model. The discount rate used by the Company is based on the risk-free rate of the economic environment in which portfolio companies operate and is adjusted in relation to other factors such as liquidity, credit and market risk. Similar to the earnings multiple model the cash flows used in the discounted cash flow model are based on projected cash flow or earnings of the portfolio companies.

Limited Partnership Funds

Limited partnership funds are those set up by a third party where the Company does not hold a majority share and are at fair value, typically using the third party manager's valuation after adjustment for purchases and sales between the date of the valuation and the measurement date.

Accrued Income

Accrued income is included within investment valuations.

2 Segmental Analysis

The chief operating decision-maker has been identified as Electra Partners. Electra Partners reviews the Group's internal reporting in order to assess performance and allocate resources. Electra Partners has determined the operating segments based on these reports. Electra Partners considers the business as a single operating segment.

3 Earnings per Share

	2014	2013
Net revenue return/(loss) attributable to ordinary shareholders (£m)	3	(9)
Net capital return attributable to ordinary shareholders (£m)	56	90
Total return (£m)	59	81
Total equity shareholders' funds (£m)	1,088	999
Net revenue return/(loss) on which diluted return per share calculated with finance charge net of taxation of £3m (2013: £3m) added back	6	(6)
Net capital return on which diluted return per share calculated (£m)	56	90
Weighted average number of ordinary shares in issue during the period on which the undiluted return per ordinary share was calculated	35,342,598	35,340,555
Weighted average number of ordinary shares in issue during the period on which the diluted return per share was calculated	40,216,732	40,216,732

	Basic earnings per share		Diluted earnings per share	
	2014	2013	2014	2013
	p	p	p	p
Revenue return per ordinary share	8.63	(26.06)	15.73	(15.06)
Capital return per ordinary share	157.79	255.62	138.68	224.63
Earnings per ordinary share	166.42	229.56	154.41	209.57

4 Net Asset Value per Ordinary Share

On 29 December 2010 Electra issued £100 million of 5% Subordinated Convertible Bonds at an issue price of 100 per cent and an initial conversion price of 2,050p. Bondholders may convert their Bonds into ordinary shares of the Company from 7 February 2011 up to and including the date falling seven business days prior to 29 December 2017. The Bond has been treated as a compound financial instrument containing both a liability and an equity component.

The basic Net Asset Value ("NAV") per share is calculated by dividing NAV of £1,088,430,000 (2013: £999,371,000) by the number of ordinary shares in issue amounting to 35,343,119 (2013: 35,341,025).

The diluted NAV per share is calculated by adding the liability component of the Convertible Bonds amounting to £83,297,000 (2013: £79,898,000) to NAV of £1,088,430,000 (2013: £999,371,000) and then dividing by the weighted average number of ordinary shares amounting to 40,216,732 (2013: 40,216,732) after taking into account dilutive potential shares.

5 Trade and other receivables

Includes £35 million in relation to unsettled liquidity fund purchases (2013: £nil).

6 Share Capital

As at 31 March	2014 £m	2013 £m
Allotted, called-up and fully paid 35,343,119 (2013: 35,341,025) ordinary shares of 25p each	9	9

During the six months ended 31 March 2014, 17 (2013: 13) Subordinated Convertible Bonds were converted into 827 (2013: 634) ordinary shares.

7 Related Party Transactions

Carried interest schemes

Certain members of Electra Partners (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.

1995 LTI

Participants are entitled to a percentage of the incremental value of unlisted investments held at 31 March 1995, subject to Electra having received total proceeds equal to the valuation of those investments as at 31 March 1995 plus a preferred return.

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 receivable 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 the cost of 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 and 2012 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 and 2012 to 2015 (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 receivable 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 the cost of 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.

Summary of carried interest pools

As at 31 March 2014	Initial Pool £m	2006 Pool £m	2009 Pool £m	2012 Pool £m
Amount invested	(236)	(436)	(307)	(401)
Amount realised	657	630	185	51
Valuation of remaining investments	43	99	250	443
Pool profit	464	293	128	93
Multiple of cost	3.0	1.7	1.4	1.2
Priority Profit Share	(7)	(30)	(11)	(5)
Net profit	**457**	**263**	**117**	**88**

Summary of provisions for carried interest

As at 31 March 2014	LTI £m	1995 LTI £m	Initial Pool £m	2006 Pool £m	2009 Pool £m	2012 Pool £m	Total £m
Provisional entitlement	9	–	4	43	21	16	93
Amount paid in the period	2	–	3	–	–	–	5
Amount payable at 31 March 2014	–	–	–	5	–	–	5

As at 31 March 2013	LTI £m	1995 LTI £m	Initial Pool £m	2006 Pool £m	2009 Pool £m	2012 Pool £m	Total £m
Provisional entitlement	10	–	8	40	15	6	79
Amount paid in the period	2	–	2	–	–	–	4
Amount payable at 31 March 2013	–	–	–	–	–	–	–

Electra Partners Club 2007 co-investment agreement

In November 2007, Electra entered into a co-investment agreement with Electra Partners Club 2007 LP ("Club"), a fund managed by Electra Partners LLP. The co-investment agreement requires Electra to co-invest at the ratio of 2:1 in all Electra Partners 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 will invest on the same terms and conditions. The agreement allows 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.

Electra Partners priority profit share

Electra Partners is a related party and receives a priority profit share of 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 Electra Partners). For the period ended 31 March 2014 this was an amount of £12,084,000 (2013: £10,807,000).

Participants Investment

From October 2006 the participants in the 2006, 2009 and 2012 pools are required to invest 1% of the cost of each direct investment on a pari passu basis with Electra.

In the six months to 31 March 2014 £1,229,000 was invested (2013: £1,923,000).

8 Capital Commitments and Contingencies

During the period, the Company committed to purchase two direct unlisted investments, Ogier Fiduciary Services and Innovia Group. As at 31 March 2014 these were subject to certain conditions, and therefore the purchases had not completed at the period end. See note 9, 'Subsequent events' for further details of the purchase of Innovia Group, which completed prior to the date of this report.

As at 31 March	2014 £m	2013 £m
Commitments to private equity funds	80	104
Ogier Fiduciary Services	83	–
Innovia Group	33	–
	196	104

9 Subsequent events

There was one material acquisition post period end relating to the purchase of Innovia Group for £33 million, which completed on 28 April 2014. As at 31 March 2014 there was a commitment to purchase and this is detailed in note 8.

10 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 interim financial statements 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 2013.

There have been no changes in the risk management department or in any risk management policies since the year end.

(i) Market Price Exposure

As at 31 March 2014	Increase in variable £m	Decrease in variable £m
10% movement in price of fund, listed investments and price/earnings ratio for unlisted investments		
Impact on profit after tax	108	(99)
Impact as a percentage of profit after tax	183%	(168)%
Impact on shareholders' equity	108	(99)
Impact as a percentage of shareholders' equity	10%	(9)%

(ii) Fair Values of Financial Assets and Liabilities

Carrying values of the financial assets are equal to the fair value.

As at 31 March	Fair Value 2014 £m
Primary Financial Assets Held	
Equity shares	521
Non-equity shares	39
Fixed interest securities	479
Floating rate securities	190
Cash at bank and in hand	224
Primary Financial Liabilities held to Finance the Group's Operations	
Bank loans	155
Zero Dividend Preference Shares	68
Convertible Bond (including equity component)	131
Fair value of interest rate swaps and caps	1

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 (note 1).

(iii) Fair Value Hierarchy

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

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's view of market assumptions in the absence of observable market information. The Group utilises techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

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 any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs).

The following table represents the Group's assets by IFRS 7 hierarchy levels:

Financial assets and liabilities at fair value through profit or loss

As at 31 March 2014	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Unlisted and listed investments	1,039	103	–	936
Other investments	190	190	–	–
Interest rate swaps	(1)	–	(1)	–
	1,228	293	(1)	936

Assets measured at fair value based on Level 3

	2014 £m
Opening balance	882
Purchases	134
Disposals	(139)
Increase in value	59
Closing balance as at 31 March	**936**

Independent Review Report To Electra Private Equity PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the Half Year Report of Electra Private Equity PLC for the six months ended 31 March 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are 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.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Electra Private Equity PLC, comprise:

- the Consolidated Balance Sheet as at 31 March 2014;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the Half Year Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

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 enquiries, 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 Ireland) 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.

We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Year Report, in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the Half Year Report, based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
28 May 2014
London

Notes:

(a) The Half Year Report is published on the Electra website (www.electraequity.com), which is a website maintained by Electra Partners. The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of Electra Partners; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Daler-Rowney

Fine art materials supplier

Half Year Management Report

Current and Future Development
A review of the main features of the six months to 31 March 2014 is contained in the Chairman's Statement, the Investment Highlights and Portfolio Review which are on pages 3 to 5 and 8 to 15.

Performance
A detailed review of performance during the six months to 31 March 2014 is contained in the Investment Highlights and Portfolio Review on pages 8 to 15.

Risk Management
It is the role of the Board to review and manage all risks associated with the Company either mitigating these directly or through Electra Partners. The Board consider that the principal risks facing the Company are Macroeconomic Risks, Gearing Risks, Foreign Currency Risk, Long-Term Strategic Risk, Investment Risks, Valuation Risk and Operational Risk as set out in the Strategic Report of the Company's Report and Accounts for the year ended 30 September 2013. The principal risks identified in the Company's Report and Accounts for the year ended 30 September 2013 have not changed significantly since the year end.

Related Party Transactions
Details of Related Party Transactions are contained in note 7 of the Notes to the Accounts for the six months ended 31 March 2014.

Going Concern
The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Half Year Report 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 reflected 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; and

b) the Half Year Management Report includes a fair review of the information required by:

   (i) DTR 4.2.7R 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
Roger Yates
Chairman
28 May 2014

Information for Shareholders

Financial Calendar for 2014

Interim Management Statement to December 2013	7 February 2014
Annual General Meeting	11 March 2014
Half-year Results announced	29 May 2014
Interim Management Statement to June 2014	July/August 2014
Annual Results announced	November/December 2014

Website and Electra News via Email

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

If you would like to receive email notice of our announcements 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.

Shareholder Enquiries

In the event of queries regarding your ordinary shareholding, please 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 47 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 0871 384 2351. Please note that lines are open 8.30am to 5.30pm Monday to Friday (excluding bank holidays) and calls to this number cost 8p per minute plus network extras.

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'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.

Dividend policy

It is the policy of the Directors not to pay dividends unless required to do so to maintain Electra's investment trust status.

Trading Information – Ordinary shares

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

Convertible Bond

What is a Convertible Bond?

A convertible bond is a tradable debt that can be converted into a predetermined amount of the company's equity during its life.

In the case of Electra, £100 million of Convertible Bonds were raised in December 2010. Each bond was priced at £1,000 per bond and generates 5% interest per annum payable semi-annually in equal instalments in arrears on 29 June and 29 December in accordance with the terms of the Prospectus.

Bondholders can convert their bonds into Electra shares at any time within the life of the bond (expires 2017) in accordance with the terms of the Prospectus. The conversion price in effect immediately upon issue of the bonds is 2,050p. The Convertible Bond is listed on the London Stock Exchange and can be traded like other listed securities.

The Company has the option to convert all of the Bonds to ordinary shares on or after 29 December 2015. This option is exercisable providing that on each of at least 20 dealing days in any period of 30 consecutive dealing days the Parity Value shall have exceeded 130% of the principal amount of the Bond. Parity Value is the number of ordinary shares each Bond will convert into multiplied by the volume weighted average price of an ordinary share. This option is additionally exercisable if 85% or more of the original principal amount of the Bonds have been redeemed/converted.

In the unlikely event of Electra winding up, the Bondholders would rank above the ordinary shareholders in terms of being entitled to the capital of Electra.

For further information please visit our website www.electraequity.com/convertible.

Trading Information – Convertible Bond

Listing	London Stock Exchange
ISIN	GB00B5B0NW64
SEDOL	B5B0NW6
Ticker/EPIC code	ELTC
Bloomberg	ELTALN5 12/29/2017 Corp

Zero Dividend Preference Shares

What is a Zero Dividend Preference Share?

ZDPs are a class of share with a limited life. They provide no annual income or dividend but instead will pay out a fixed amount of capital (known as the "final capital entitlement") at a specific date in the future (known as the "redemption date"). In the case of Electra Private Equity Investments PLC, £46 million of ZDPs were raised in 2009 and have a redemption date of 5 August 2016.

In the unlikely event of Electra winding up, the holders of ZDPs would rank above both the holders of Convertible Bonds and the ordinary shareholders in terms of being entitled to the capital of Electra.

For further information please visit our website www.electraequity.com/Eltz.

Share Fraud Warning – 'Boiler Room' Scams

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) or at www.fca.org.uk/consumers/scams. You may also wish to advise us by telephoning 020 7214 4200 or emailing ir@electrapartners.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

Electra is a founder member of LPEQ, 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)

Electra is a member of the AIC, the trade organisation for the 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.

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*Calls to these numbers cost 8p per minute plus network extras. Lines open 8.30am to 5.30pm, Monday to Friday.

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