ELECTRA PRIVATE EQUITY PLC

Report and Accounts

30 September 2007

Contents

Annual Report and Accounts for the year ended 30 September 2007

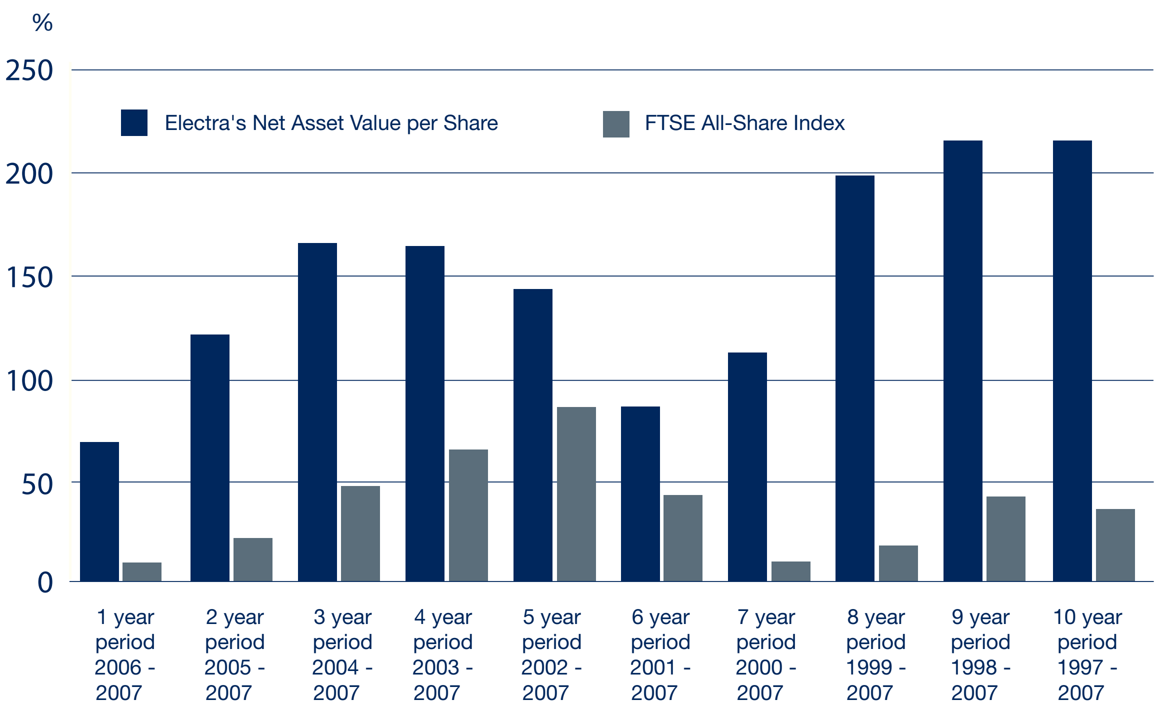
Electra's objective is to target a rate of return on equity of between 10 - 15% per annum over the long-term by investing in a portfolio of private equity assets.

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

Financial Highlights

For the year ended 30 September	2003	2004	2005	2006	2007
Net asset value per share (p)	759.60	912.86	1,197.22	1,545.07	2,001.21
Increase/(decrease) in net asset value per share (%)	(0.6)	20.2	31.2	29.0	29.5
Increase in FTSE All-Share Index (%)	12.6	12.0	20.9	11.1	8.7

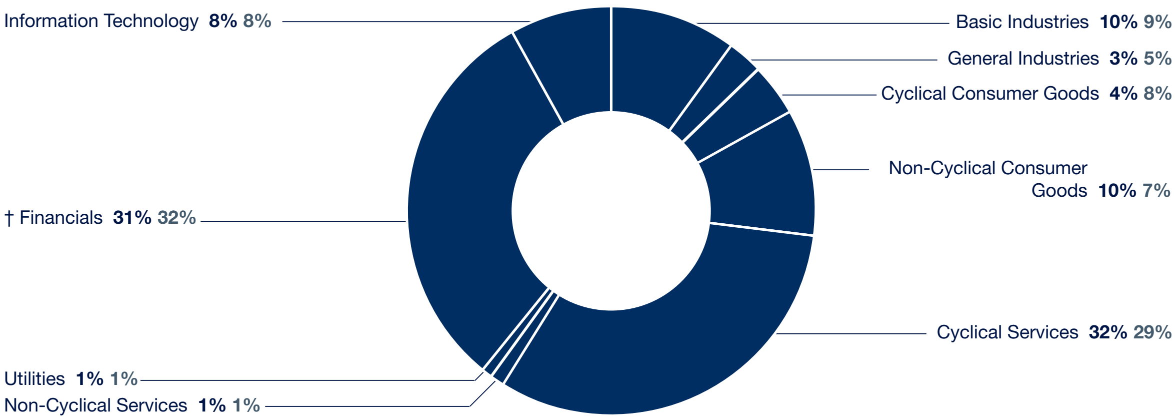
Percentage Change in Electra's Net Asset Value Per Share compared to FTSE All-Share Index



Each period of performance is based on the opening net asset value per share at 30 September. The net asset value per share for the years 1997 to 2004 are as previously reported under UK GAAP. The net asset value per share for the years 2005 and 2006 are on an IFRS basis. The net asset value per share as at 30 September 1998, has been adjusted to reflect the inclusion of the management company valued at 14.50p per share.

Classification and Distribution of the Investment Portfolio *

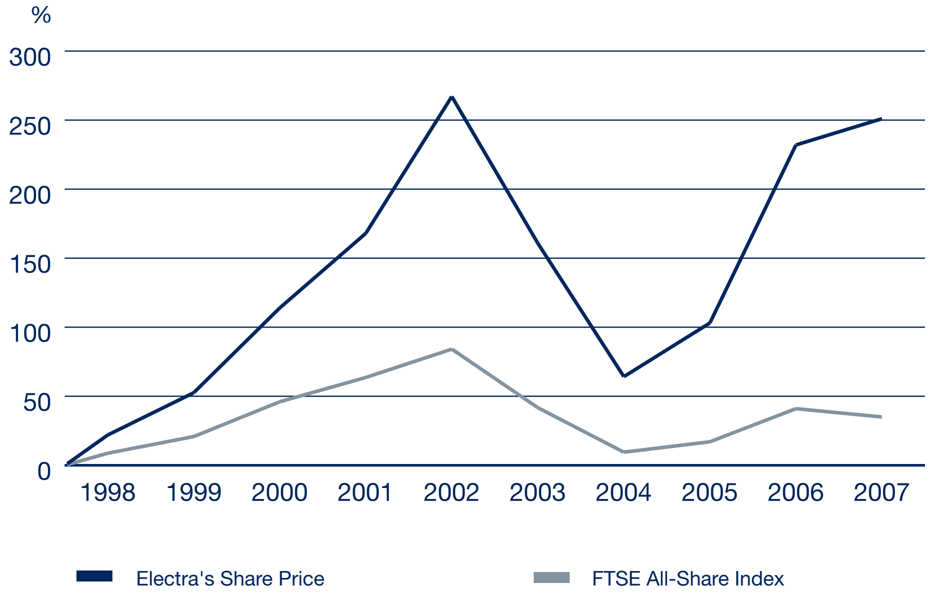
2007 2006



* Unlisted and listed investments held at fair value
† Comprised of investment companies, real estate, speciality and other finance

Electra's Share Price compared to the FTSE All-Share Index over the last ten years

As at 30 September



Objective and Investment Policy

At the Extraordinary General Meeting held in October 2006 shareholders approved Electra's revised investment strategy and policy which is set out below.

The business and affairs of Electra are managed on an exclusive and fully discretionary basis by Electra Partners, an independent private equity fund manager, whose senior management team has worked together since 1992. Electra is managed as an HM Revenue and Customs approved investment trust.

Electra's objective is to target a rate of return on equity of between 10 – 15% per annum over the long-term by investing in a portfolio of private equity assets. Unless required to do so as an investment trust, Electra's Directors would not recommend the payment of dividends on a regular basis.

Electra Partners, on behalf of Electra, will aim to achieve this target rate of return by:

- Exploiting a track record of successful private equity investment;
- Utilising the proven skills of its senior management team with a strong record of dealflow generation and long-term presence in the private equity market;
- 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;
- Actively managing its total capital position and levels of gearing in light of prevailing economic conditions. Total bank borrowings by Electra will always be less than 40% of its total assets.

Additionally, an on-market share buyback programme will be managed to generate shareholder value.

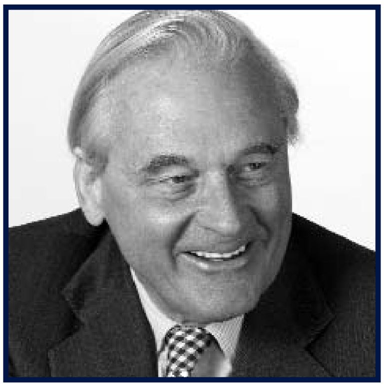
Electra Partners will target private equity opportunities (including direct investment, fund investment and secondary buyouts of portfolios and funds) so that the perceived risks associated with such investments are justified by expected returns. These investments will be made across a broad range of sectors and types of financial instrument such as equity, senior equity, convertibles and mezzanine debt.

The investment focus will be principally on Western Europe, with the majority of investments expected to be made in the United Kingdom, where historically Electra Partners has been most active. Electra Partners would expect there to be an emphasis on areas where its senior management team has specific knowledge and expertise. In circumstances where Electra Partners feel that there is merit in gaining exposure to countries and sectors outside Electra Partners' network and expertise, consideration will be 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 investment strategy, Electra Partners typically targets investments at a cost of £25–70 million in companies with an enterprise value of £70–200 million.

Electra will not invest more than 15% of its total assets at the time of investment in any other listed closed-ended investment funds.

Chairman's Statement



Overview

Electra's return to full investment in October 2006 was followed by a busy period of investment activity, both in terms of successful realisation of portfolio companies and through new investments. Successful realisations during the year have resulted in Electra's net liquid resources at the year end amounting to £156 million despite investments this year totalling £322 million. These resources, together with unutilised borrowing facilities, will enable Electra to make new investments in a time when a troubled financial market may require a greater equity capital commitment.

Results

Over the last year Electra once again delivered both strong net asset value growth and good share price performance. This continued the success of the previous four years. The net asset value per share increased by 29.5% from 1,545p to 2,001p. Together with the Special Dividend of 17p per share paid in March 2007, this represents a total return of 30.6% for the year. Over the same period the share price increased by 22.5% while the FTSE All-Share Index increased by 8.7%. Over the five years to 30 September 2007 Electra's net asset value per share, inclusive of the two dividends paid in 2006 and 2007, increased by 166.9% and Electra achieved a return on equity of 22.6% on an annualised basis. Over the same period the share price rose by 263.2% and the FTSE All-Share Index increased by 84.1%. These are excellent results.

Over the five years to 30 September 2007 ... Electra achieved a return on equity of 22.6% on an annualised basis.

Investment Activity

Since October 2006, Electra Partners, the Company's Manager, has quickly developed a strong dealflow which has resulted in the completion of a number of new investments during the year. In certain cases these investments were structured to give greater downside protection through an emphasis on debt like instruments. For much of the year readily available bank finance greatly assisted realisations on attractive terms before the sub-prime crisis in the United States led to banks adopting a more cautious approach.

£322 million was invested during the year and £303 million was realised from portfolio investments. Full details of the investment activity are set out in the Manager's Review from Electra Partners.

Investment Strategy

Under new FSA listing rules Electra, like other closed-ended investment funds, is required to include in the annual financial report details of its investment policy and give additional information relating to its portfolio. Electra's shareholders approved the new investment strategy at the Extraordinary General Meeting held in October 2006 and details of Electra's objective and investment policy are set out elsewhere in this Report. Other information is also given under the new rules in relation to the continued appointment of Electra Partners and the principal terms of its compensation arrangements.

The year has seen a positive start to Electra's return to full investment and Electra Partners has delivered a strong performance.

The Board and Committees of the Board

Colette Bowe and Lucinda Webber joined the Board with effect from 1 March 2007 and the Board is already benefiting from their wide and varied experience.

Lord King of Bridgwater and Professor Sir George Bain will be retiring from the Board at the Annual General Meeting to be held on Wednesday 6 February 2008. They have been stoutly independent throughout their 25 combined years and their wisdom has been incalculable in steering the Company through its development. They can reflect with pleasure on their contribution to the excellent results of recent years.

With the exception of the retiring Directors and Michael Walton, all other Directors will retire and offer themselves for re-election at the Annual General Meeting.

With the return to full investment the Board has established a Valuations Committee whose purpose is to consider the portfolio valuations of Electra Partners. The Committee will add a further level of oversight to the valuation process carried out by Electra Partners under its contractual arrangements with Electra. Colette Bowe and Lucinda Webber have joined this Committee which is chaired by Michael Walton.

Further Authority to Buy Back Shares

During the year ended 30 September 2007, Electra made on-market purchases at a cost of £22 million and cancelled 1.47 million shares. The Company currently has the ability to buy back and cancel up to a further 5.4 million shares during the remaining period of this authority which will cease at the Annual General Meeting when Directors will seek to renew this general authority.

Special Dividend

In the year ended 30 September 2007 Electra again received distributable revenue at a level which requires it as an investment trust to pay a dividend. Accordingly the Board is proposing a special dividend of 25p per share which will be paid on 7 March 2008 to shareholders on the Register of Members at the close of business on 25 January 2008 subject to approval by shareholders at the forthcoming Annual General Meeting. This is the third year in which a dividend has been proposed for this reason. Shareholders should note that this is not a variation in the policy of maximising capital growth. The Board would not expect dividend payments to continue on a regular basis.

Articles of Association

Following a review of Electra's Articles of Association, the Board has decided to seek shareholders' approval to certain changes to Electra's Articles of Association in the light of provisions of the Companies Act 2006, dealing with electronic communications and Directors' conflicts of interest. It is also taking the opportunity to increase the limit on Directors' ordinary remuneration which was last agreed in 1997. Full details of these proposals are set out in the Directors' Report and in the Notice of the Annual General Meeting.

The Articles of Association will be reviewed again after the remaining provisions of the Companies Act have come into effect.

Outlook

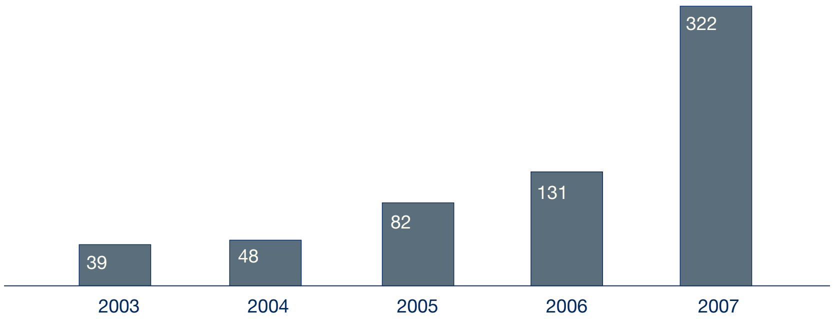
The year has seen a positive start to Electra's return to full investment and Electra Partners has delivered a strong performance. Recent concerns about the economic outlook and availability of bank finance may reduce the level of realisations in the short term but will generate opportunities for those such as Electra with capital to invest.

Sir Brian Williamson
5 December 2007
Chairman

Portfolio Highlights

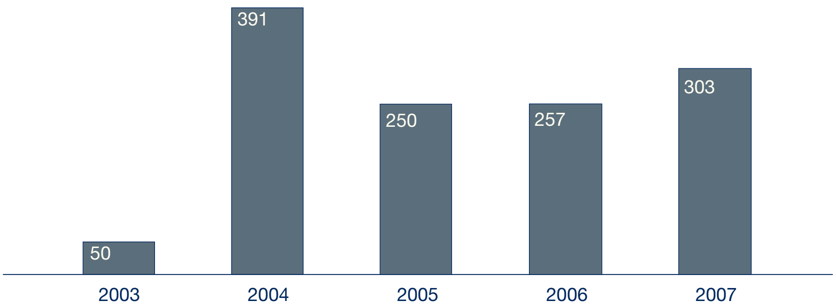
Purchases
£m

Year to 30 September



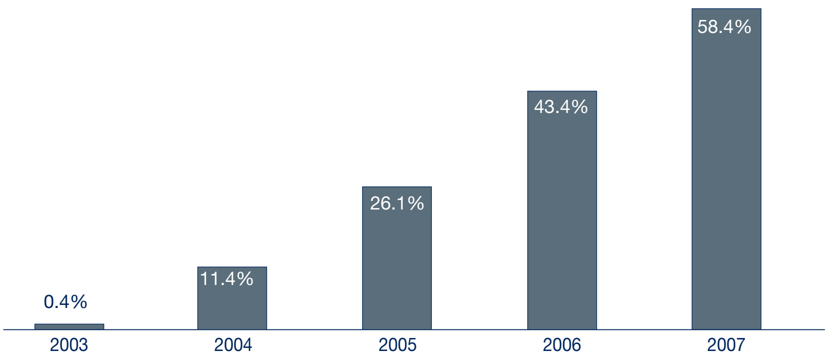
Realisations
£m

Year to 30 September



Portfolio Performance*
%

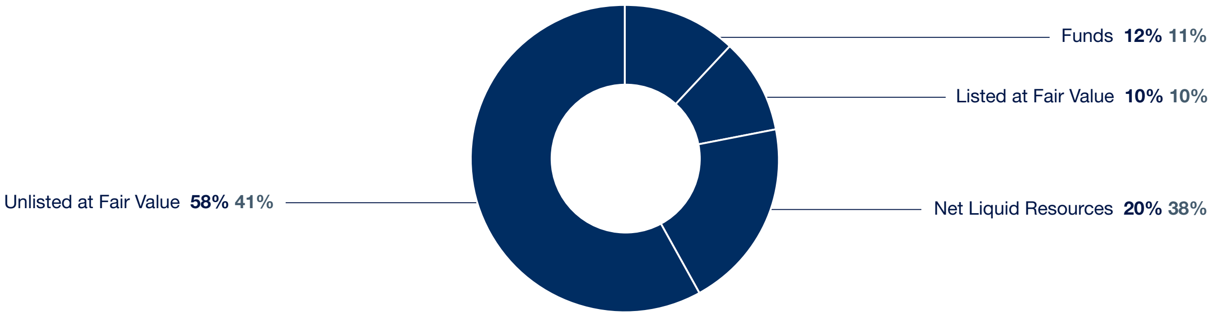
Year to 30 September



* Net capital gains as a percentage of the opening portfolio.

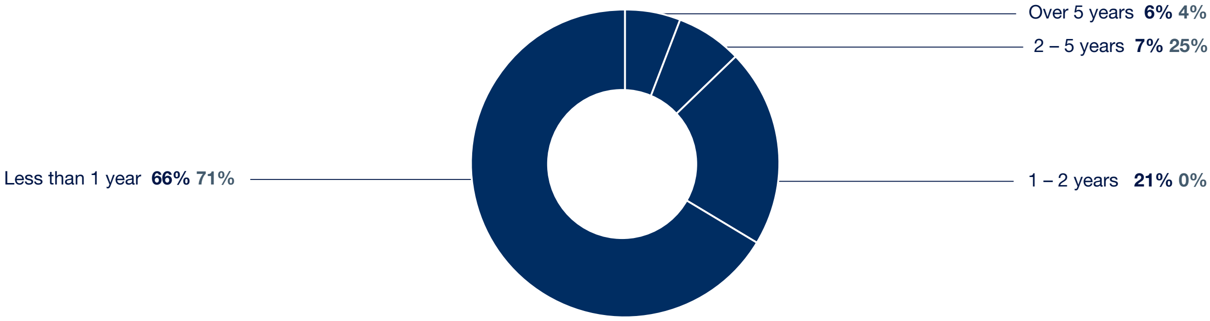
Investment Portfolio and Net Liquid Resources

2007 2006



Age Analysis *

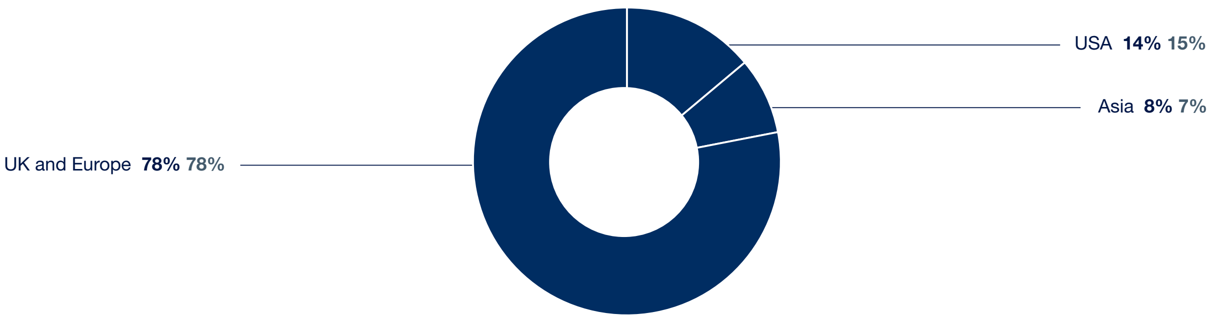
2007 2006



* excluding listed investments

Geographic Split

2007 2006



The Manager

Electra's investment portfolio is managed by Electra Partners an independent private equity fund manager. As at 30 September 2007, it had funds under management of over £1 billion. Over the last 15 years Electra Partners, on behalf of its clients, has invested over £3 billion in private equity investments, accumulating considerable expertise whilst building a strong track record.

Electra Partners' senior management team has worked together since 1992 and has, in aggregate, over 140 years' experience in the private equity markets. Electra Partners' experienced finance, compliance and marketing teams support the investment professionals.

Senior Management Team	
Hugh Mumford	Managing Partner
Tim Syder	Deputy Managing Partner
David Symondson	Deputy Managing Partner
Rhian Davies	Partner
Philip Dyke	Partner
Steve Ozin	Partner

Investment Team	
Alex Cooper-Evans	Investment Partner
Ian Dyke	Investment Partner
Charles Elkington	Investment Partner
Nigel Elsley	Investment Partner
Roger Isaac	Investment Partner
Oliver Huntsman	Investment Partner
Peter Carnwath	Investment Manager
John Levack	Investment Manager
John Martin	Investment Manager
Sarah Williams	Investment Manager

The Portfolio

Electra's portfolio consists of an investment portfolio together with net liquid resources. Net liquid resources comprise cash and floating rate notes less bank loans. The portfolio consists of direct investments and investments through third party private equity funds. An overall analysis is given below.

As at 30 September	2007 £m	2006 £m
Investment Portfolio *		
Direct investments	525	315
Funds	95	65
	620	380
Net Liquid Resources	156	238
Investment Portfolio and Net Liquid Resources	776	618

* At 30 September 2007 excludes accrued income of £13,419,000 (2006: £5,874,000).

At 30 September 2007 Electra had direct investments in 60 companies with an aggregate value of £525 million and investments in 35 private equity funds with an aggregate value of £95 million. The top ten and twenty direct investments accounted for 61% and 84% respectively of the total direct investments.

Geographically, 78% of the investment portfolio was situated in the UK or Continental Europe, 14% was based in the USA and 8% in Asia.

Investment Portfolio Analysis

Electra was able to quickly re-establish its presence in the private equity market, a fact demonstrated clearly by the rate of new investment which increased by 145% over the previous year.

The year to 30 September 2007 proved to be another period of excellent progress for Electra. The net asset value per share increased from 1,545p to 2,001p, a rise of 29.5% following rises of 29% and 31% in the previous two years. Importantly, with all restrictions on new investment removed for the first time since 1999 the Company entered a new era. Electra was able to quickly re-establish its presence in the private equity market, a fact demonstrated clearly by the rate of new investment which increased by 145% over the previous year.

The year was characterised by two distinct phases. Until July the market was strongly influenced by the aggressive lending of financial institutions to the private equity sector. This resulted among other things, in high values being achieved on the realisation of investments. Post July the problems created by the sub-prime debt crisis led to a substantial change in the lending market with the onset of much greater caution. Electra was able to take advantage of these conditions achieving a level of realisation which amounted to 80% of the value of the portfolio at the beginning of the year. These disposals in turn gave rise to a very high level of realised gains. New investments on the other hand were achieved at good value by adopting a cautious and selective approach, by investing in smaller companies where competition was lower and by focusing on off-market transactions. A summary of the changes in the investment portfolio compared to the previous two years is shown in the table below.

Year ended 30 September	2007 £m	2006 £m	2005 £m
Opening portfolio	380	353	413
Investments	322	131	82
Realisations	(303)	(257)	(250)
Net capital increase	221	153	108
Closing portfolio *	620	380	353

* At 30 September 2007 excludes accrued income of £13,419,000 (2006: £5,874,000; 2005: £17,024,000).

Over the year, additions to the portfolio amounted to £322 million compared to £131 million in the previous year. Realisations were also very substantial giving rise to £303 million of cash proceeds. Net capital increases recorded in the year amounted to £221 million of which the majority arose from realisations. As a result of the investment activity in the year, Electra's invested portfolio rose by 63% from £380 million to £620 million.

At the end of the year, net liquid resources stood at £156 million compared to £238 million at the beginning of the period. Despite the rise in the portfolio, Electra thus remains with substantial liquid assets available for further new investment.

Outlook

The last two years have produced exceptional returns for Electra's shareholders driven by a high level of well priced realisations. With the change in market conditions occurring in the latter half of the year it is likely that the holding period of investments may be longer and refinancings may be more difficult. Returns may therefore fall to a lower level. It is worth noting, however, that Electra operates in a segment of the market where the financing of potential targets and sale of investments has been least affected by market changes.

Electra, therefore, remains in a good position. The portfolio has been significantly increased based on carefully selected transactions, with substantial upside potential. Furthermore, Electra has retained a high level of liquid assets with which to take advantage of investment opportunities which may arise on more favourable terms given the current market turmoil.

Investment Portfolio Review

Investments

In the year to 30 September 2007, Electra invested £322 million in additions to the investment portfolio. This compares to investments of £131 million made in the previous year. This very significant step up in activity resulted from the removal of restrictions on investment which were in place up to October 2006. With an unrestricted investment strategy, Electra has been able to re-enter the private equity market in a fully committed way. This in turn produced a significant increase in dealflow and subsequent investment. In looking at new investments, Electra adopted a relatively cautious approach in view of the competitive nature of the market and the plentiful supply of bank funds which led to escalating prices in the first nine months of the financial year.

The investment of £322 million made by Electra included £265 million in direct investments and £56 million drawn down under commitments to private equity funds. The most significant direct investments included £63 million in the £246 million buyout of Kingfield Heath, £34 million in the £73 million buyout of Nuaire, £26 million in the £83 million buyout of Lil-lets and £33 million in the buyout of Premier Asset Management.

Kingfield Heath is the second largest office products distributor in the UK and Ireland, offering the widest range of office products and electronic office supplies available in the market place. Nuaire is one of the UK's largest ventilation product manufacturers and has been designing and manufacturing innovative quality products for home and overseas markets since 1963. Lil-lets sells a range of feminine hygiene products both in the UK and South African markets where it is a clear market leader. Premier Asset Management is a retail fund manager, distributing fund of funds and specialist open and closed-ended funds predominantly through IFAs but also through other discretionary and advisory channels.

With an unrestricted investment strategy, Electra has been able to re-enter the private equity market in a fully committed way.

Company	Activity	Deal Type	Cost £m
New Investment			
Kingfield Heath	Office products	MBO	63
Nuaire	Ventilation systems	MBO	34
Lil-lets	Feminine hygiene	MBO	26
Premier Asset Management	Fund management	MBO	33
Reinvestment			
Allflex	Animal tagging	MBO	41
Capital Safety Group	Safety harnesses	MBO	18
Funds	MBO investments	–	56
Other Investments	Various	–	51
			322

In addition to these new investments Electra reinvested in the secondary buyout of Capital Safety Group ("CSG") and in the refinancing of Allflex.

Electra invested £18 million in CSG's successor vehicle in order to participate further in the growth of the company. In August 2007 Electra reinvested £41 million in the third refinancing of Allflex for a 38% equity interest. Allflex is the world's leading manufacturer and distributor of visual and electronic animal identification tags and operates in a market with continued growth opportunities.

Electra has continued its strategy of investing in third party private equity funds where, in the view of the Manager, the relationship created is likely to give rise to significant co-investment or co-underwriting opportunities. During the year, £56 million was invested in private equity funds of which £25 million was invested in funds managed by TCR, a private equity management company based in France. Of this amount, £20 million represented the purchase of a secondary interest and a further £5 million was drawn down under outstanding commitments. The remaining £31 million was invested primarily in five other private equity funds.

In addition to the amounts invested during the year, Electra had outstanding commitments of £128 million to make further investments in private equity. Of this amount, £78 million represented commitments to third party private equity funds.

Realisations

The total proceeds realised from the investment portfolio during the year amounted to £303 million. This compares to a valuation of the portfolio at the beginning of the year of £380 million. The total proceeds thus represented 80% of the opening value of the investment portfolio. This high level of realisations reflected market conditions up to the end of July when the sub-prime debt crisis brought with it a rapid change. Where investments were realised, overall proceeds from sales exceeded their value at the beginning of the year by more than 2.5 times.

The total proceeds thus represented over 80% of the opening value of the investment portfolio.

Largest Investment Realisations

Company	Valuation at 30 September 2006 £m	Proceeds from Disposal £m
Capital Safety Group II	24	113
Allflex	31	97
	55	210

The two largest realisations related to CSG and Allflex. In the case of CSG, the company was sold in a $565 million secondary buyout arranged by Candover Partners. On completion of the transaction, Electra received gross proceeds of £113 million compared to a value at the beginning of the year of £24 million. Electra originally purchased CSG in 1998 investing £30 million in the £98 million management buyout. Including the proceeds from the refinancing in 2005, Electra achieved a multiple of over five times its original investment with a net IRR to Electra over nine years of 23%.

In August 2007 Allflex was refinanced for the third time generating gross proceeds to Electra of £97 million compared to a value at the beginning of the year of £31 million. This refinancing was achieved despite the difficult conditions in the debt market which is a reflection of the strength of Allflex's business. Allflex was also purchased in 1998. Based on the aggregate proceeds since then and the retained investment, Electra has achieved a multiple of over five times the original investment with a net IRR to Electra over nine years of 25%. Both Allflex and CSG have developed very successfully during the period of time they have been backed by Electra. These investments demonstrate one of the strengths of Electra, namely that the flexible nature of its investment policy allows lengthy holding periods, enabling full benefit to be gained from long term strategy without the need to sell on a pre-determined timescale.

Electra received almost £100 million from the sale of other investments including £17 million from Freightliner and £12 million from Safeland. Over the year the proceeds from private equity funds amounted to £49 million.

Shortly after the year end Electra realised its investment in Dakota, Minnesota & Eastern Railroad ("DM&E") for £35 million with further contingent consideration of £33 million at prevailing exchange rates. These payments are contingent upon the future success of the Powder River Basin project and no value has been recognised in respect of these potential payments due to the uncertainty at this stage. This represents an excellent conclusion to an investment made 21 years ago when Electra originally invested $800,000 with further investment between 1996 and 2000 of $1.4 million.

Performance

The year to 30 September 2007 was one in which the investment portfolio produced an exceptional performance. Net capital appreciation recognised during the year amounted to £221 million, with the result that the investment portfolio rose by 58.2%. This compares to 43.3% and 26.2% in the two previous years.

The year to 30 September 2007 was one in which the investment portfolio produced an exceptional performance.

Once again, the performance resulted for the most part, from realised gains as opposed to unrealised appreciation. Inclusive of the sale of DM&E completed shortly after the year end, realised gains exceeded £200 million. The change in unrealised appreciation over the year was insignificant and amounted to a net decrease of £10 million made up of fair valuation increases of £20 million offset by £30 million of decreases.

The largest realised gains were made on the sale of CSG (£88 million) and Allflex (£66 million) whereas the gain of £33 million on the sale of DM&E was realised in October. Private equity funds contributed £21 million of gains.

Largest Valuation Changes

Company	Valuation at 30 September 2006 £m	Valuation Movement £m	%
Capital Safety Group II	24	88	366
Allflex	31	66	212
Dakota, Minnesota & Eastern Railroad	3	33	1,289
Private equity funds	67	21	32
Moser Baer	15	13	92
	140	221	

Only two investments were written up during the year, namely Moser Baer and Freightliner. Moser Baer performed strongly during the year and the valuation was increased by £13 million to reflect this. Freightliner also continues to make good progress and was revalued by £8 million. Reductions in valuation of £30 million were made in respect of 13 investments.

Electra Partners LLP
5 December 2007

Large Private Equity Investments

KINGFIELD HEATH GROUP	Location: UK & Ireland

Equity Ownership	62.9%
Valuation	£62,532,000
Cost	£62,532,000

Valuation based on price of recent transaction

In June 2007, Electra invested £63 million in the £246 million management buyout of Kingfield Heath and the simultaneous buyout of ISA Group and Supplies Team ("KHG"). KHG pro-forma turnover for the year to December 2007 is forecast to be £538 million.

KHG is the second largest office products distributor in the UK and Ireland offering the widest range of office products and electronic office supplies available in an £8 billion market.

The product range comprises more than 25,000 stock lines, including printer cartridges, mainstream stationery, paper, electronic office supplies and consumables, office furniture together with catering and cleaning products.

Products are sold via distinctly branded and separate wholesale and direct-to-consumer sales channels. All customers benefit from the ability of KHG to buy in bulk direct from manufacturers and break the orders down for cost effective and timely onward distribution via a best-in-class logistics infrastructure utilising a highly mechanised and efficient central distribution hub.

ALLFLEX HOLDINGS III	Location: International

Equity Ownership	33.0%
Valuation	£41,190,000
Cost	£41,190,000

Valuation based on price of recent transaction

In 1998 Electra invested £23.1 million in the US$160 million buyout of Allflex. By a significant margin, Allflex is the world's leading manufacturer and distributor of plastic and electronic animal identification tags ("Rfid") with factories in France, Brazil and China. The business was fully refinanced in June 2005 raising $225 million of banking facilities. Following this refinancing Electra received $68.1 million. In August 2007, despite worsening banking conditions, the business was again refinanced with Electra retaining a significant ongoing holding in the business.

In the year ended 31 December 2006, Allflex achieved sales of $142.7 million (2005: $137.8 million using constant exchange rates). Awareness worldwide of the need for accurate animal identification and traceability continues to increase with mandatory Rfid schemes adopted by Australia and Canada. The business continues to invest in new product development and has completed four small acquisitions in the last twelve months securing complementary products and access to new markets.

NUAIRE	Location: UK and France

Equity Ownership	60.0%
Valuation	£33,770,000
Cost	£33,770,000

Valuation based on price of recent transaction

In 2007 Electra invested £33.8 million in the £83 million management buyout of Nuaire. Nuaire is a leading UK based manufacturer and distributor of ventilation equipment for commercial and residential applications, with factories in Caerphilly, South Wales and St. Brisson sur Loire, France.

Nuaire has continued to trade in line with expectations at the time of Electra's buyout for the year to 30 September 2007, and reported unaudited sales of £48.4 million (2006: £42.0 million) and EBITA before exceptionals of £7.7 million (2006: £6.3 million).

PREMIER ASSET MANAGEMENT

Location: UK

Equity Ownership	33.1%
Valuation	£33,108,000
Cost	£32,973,000

Valuation based on price of recent transaction

In 2007 Electra invested £33.1 million in support of the £57 million take-private of Premier Asset Management ("Premier"). Premier is a retail fund manager distributing fund of funds and specialist open and closed-ended funds, predominantly through IFAs. Funds under management are approximately £1.8 billion.

In the year to September 2006 the business generated revenues of £15.3 million and is expected to grow at over 30% in the current year. Premier is a growth business and continues to invest in sales and infrastructure resources in order to build its footprint.

MOSER BAER

Location: India

Equity Ownership	6.0%
Valuation	£28,000,000
Cost	£1,900,000

Valuation based on multiple of earnings

In 1998 Electra invested US$8.0 million to fund the expansion of Moser Baer into recordable CDs (CDRs). It is estimated that Moser Baer has a 17% market share of the global blank optical disc market and is now the second largest manufacturer with an annual capacity of 3 billion discs per annum. Moser is amongst the first manufacturers to produce blank High Definition DVDs. It has also diversified into pre-recorded DVDs in India and commenced manufacturing of solar cells in April 2007.

The six months to September 2007 was a difficult period for blank disc manufacturers with price falls arising from continuing disputes between Philips and disc producers over licence agreements. Moser's blank optical business achieved sales of $248 million and profits of $3.2 million in the first half of the financial year compared to sales of $478 million and profits after tax of $18 million in the full year to March 2007. Encouraging early growth in Home Entertainment and Photo Voltaic divisions (which raised $100 million in a pre-IPO placement) has enhanced the company's market value.

LIL-LETS GROUP

Location: UK and South Africa

Equity Ownership	61.7%
Valuation	£26,036,000
Cost	£26,036,000

Valuation based on price of recent transaction

In 2006 Electra invested £26.3 million in the management buyout of Lil-lets from Accantia. Lil-lets markets branded tampons in the UK where it is the second largest brand and in South Africa where it is the clear market leader. The group also sells a range of complementary feminine hygiene products.

In the year to 31 December 2006, Lil-lets achieved sales of £35.8 million. In the current year, the business is benefiting from increased brand investment in the UK and the brand's strong positioning in South Africa, which has allowed it to launch new products in other feminine hygiene categories while maintaining its dominance in the core tampon market.

Schedule of Unlisted Investments (valued over £10 million)

Company	* Fair Value of holding at 30 Sept 2006 £'000	Net purchases/ (sales) £'000	Performance in year £'000	* Fair Value of holding at 30 Sept 2007 £'000	Cost of holding at 30 Sept 2007 £'000
KINGFIELD HEATH Stationery supplier	–	62,532	–	62,532	62,532
ALLFLEX HOLDINGS III Animal identification tags	–	41,190	–	41,190	41,190
DAKOTA, MINNESOTA & EASTERN RAILROAD (USA) Railroad operator	2,534	–	32,671	35,205	1,629
NUAIRE Ventilation systems manufacturer	–	33,770	–	33,770	33,770
PREMIER ASSET MANAGEMENT Investment management	–	32,973	135	33,108	32,973
MOSER BAER (INDIA) Manufacturer of recordable CDs	15,190	–	12,810	28,000	1,900
LIL-LETS GROUP Feminine hygiene products	–	26,036	–	26,036	26,036
AMTICO Luxury flooring manufacturer	22,500	–	(1,993)	20,507	22,500
CAPITAL SAFETY GROUP III Specialist safety equipment	–	17,763	–	17,763	17,763
VENT-AXIA Fan manufacturer	16,000	–	–	16,000	16,000
BAXI HOLDINGS Heating products	19,192	–	(3,860)	15,332	14,908
BIZSPACE Property leasing company	13,705	–	(1,055)	12,650	13,705
PINE Property investment	5,430	6,780	–	12,210	12,210
ZENSAR TECHNOLOGIES (INDIA) Software	11,099	–	(437)	10,662	4,211
FREIGHTLINER GROUP Rail freight operator	20,120	(17,433)	7,792	10,479	1,622
LOCATEL Media services	–	9,860	498	10,358	9,860
	125,770	213,471	46,561	385,802	312,809

The investments shown above represent 74% of the Group's direct investments at 30 September 2007 as shown on page 11.

* Excludes accrued income.

Report of the Directors

To the Members of Electra Private Equity PLC
The Directors present the audited Accounts of the Group for the year ended 30 September 2007 and their Report on its affairs.

Investment Trust Status
The Company carries on business as an investment trust. HM Revenue and Customs has approved the Company as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988 for the accounting period to 30 September 2006. In accordance with the self-assessment of Corporation Tax this approval is based upon the computations submitted by the Company and is subject to the findings of any enquiries that HM Revenue and Customs may make. The Directors are of the opinion that since that date the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval as an investment trust under that section.

Business Review

Objective and Investment Policy
The Objective and Investment Policy of the Company are set out on page 4.

Current and future development
A review of the main features of the year is contained in the Chairman's Statement, the Investment Portfolio Analysis and Investment Portfolio Review.

The Board regularly reviews the development and strategic direction of the Company, a process which culminated in the approval by the Company's shareholders of the new investment strategy at the Extraordinary General Meeting held on 12 October 2006. The Board's main focus continues to be on the Company's long-term investment return.

Performance
A detailed review of performance during the year is contained in the Investment Portfolio Analysis and Investment Portfolio Review.

A number of performance measures are considered by the Board and the Manager in assessing the Company's success in achieving its objectives.

The key performance indicators ('KPIs') used to measure the progress and performance of the Company are established industry measures and are as follows:

- Return on equity over the long term
- The movement in net asset value per ordinary share
- The movement in share price

Details of the KPIs are shown on pages 2 and 5.

Risk Management
As the Company is focused on investment in private equity assets, Electra Partners aims to limit the risk attaching to the portfolio as a whole by careful selection of investments and by the spread of holdings in terms of age, geographic split and investment portfolio composition in accordance with the Company's Objectives and Investment Policy. The breakdown of the portfolio is shown on pages 3, 8 and 9.

The Risks facing the Company include Market Price Risk, Interest Rate Risk, Liquidity Risk and Foreign Currency Risk as further detailed in Note 16 of the Notes to the Accounts.

Management Arrangements

EP Private Equity Limited, a subsidiary of Electra Partners Group Limited, was the Manager of Electra from 1-11 October 2006. On 12 October 2006 Electra Partners was appointed as the Manager following shareholders' approval of new management arrangements. The new management agreement dated 12 October 2006 runs for an initial three year period with a 12 month rolling notice period. Neither party may serve notice to terminate during the first two years of the agreement. Electra may terminate the new management agreement on 12 months' notice, expiring at any time after the initial two year period. After three years, it has the right to terminate on a shorter notice period. Whatever notice period is worked, Electra Partners will be entitled to receive additional compensation equivalent to 12 months' priority profit share (determined by reference to the previous 12 months' priority profit share).

Electra Partners may also terminate the new management agreement on 12 months' notice, after the initial two year period. If Electra Partners terminates the new management agreement at any time after the initial three year period, Electra may pay compensation in lieu of any part of the notice period but Electra Partners is not entitled to any additional compensation.

Electra Partners receives a priority profit share of 1.5% on the gross value of the Company's investment portfolio including cash (but before excluding any amounts committed to funds established by and managed by Electra Partners).

During the year the Company continued to operate carried interest and co-investment schemes for executives of Electra Partners and details of these schemes are contained in Note 21 of the Notes to the Accounts.

As detailed in the Corporate Governance Statement, the Board reviews the activities of Electra Partners on an ongoing basis and believes the continuing appointment of Electra Partners on the terms agreed is in the interests of shareholders as a whole.

Electra Partners is responsible for the investment management of a number of limited partnership funds to which the Company has subscribed. Electra Partners manages the Company's investments in accordance with guidelines determined by Directors and as specified in limited partnership and in management and investment guideline agreements.

Socially Responsible Investment

Electra believes that high standards of corporate social responsibility ('CSR') make good business sense and have the potential to protect and enhance investment returns. Consequently, the investment process takes social, environmental and ethical issues into account when, in Electra Partners' view, these have a material impact on either investment risk or return.

Electra recognises and supports the view that social, environmental and ethical best practice should be encouraged. It favours investing in companies committed to high standards of CSR and to the principles of sustainable development.

Electra Partners does not screen out companies from its investment universe purely on the grounds of poor social, environmental or ethical performance. Instead, it adopts a positive engagement approach whereby, if it is appropriate, it discusses these issues with the management of the companies in which it invests. The information gathered during these meetings is used both to assist Electra Partners' investment decisions and also to encourage investee company management to improve procedures and attitudes. Electra Partners strongly believes that this is the most effective way to improve the CSR policies of the businesses in which it invests and the Board endorses this view.

Results and Dividend

A revenue profit attributable to shareholders of £9.279 million (2006: £8.616 million) was transferred to Revenue Reserves.

In order to ensure the Company maintains its status as an investment trust, the Directors recommend the payment of a special dividend of 25p per ordinary share in respect of the year ended 30 September 2007 which, subject to approval by shareholders at the Annual General Meeting to be held on 6 February 2008, will be paid on 7 March 2008 to shareholders on the Register of Members at the close of business on 25 January 2008.

Authority to make Market Purchases of Shares

As at 30 September 2007, the Company had authority to purchase for cancellation up to a further 5,371,652 shares. This authority will lapse at the 2008 Annual General Meeting when a Special Resolution will be proposed to renew the Company's authority to make market purchases of its own shares.

During the year the Company made the following purchases of its own shares in the market under authority granted by shareholders at a total cost of £22.304 million:

Shares Purchased for Cancellation	Date of Purchase	% of Issued Capital at Date of Purchase	Price per share
1,000,000	18 December 2006	2.58%	1,466p
120,000	19 December 2006	0.32%	1,466p
100,000	15 January 2007	0.26%	1,500p
160,000	21 June 2007	0.43%	1,700p
40,000	18 September 2007	0.11%	1,659p
50,000	19 September 2007	0.13%	1,691p

The Company does not hold any shares in treasury.

Multi-Currency Loan Facility

At 30 September 2007 borrowings under the £250 million (2006: £250 million) multi-currency facility amounted to £160,699,000 (2006: £165,823,000).

Directors

The current Directors of the Company are listed on pages 68 and 69. Sir Brian Williamson, Mr RA Armstrong, Professor Sir George Bain, Lord King of Bridgwater, Mr MED'A Walton and Mr JP Williams served as Directors throughout the year ended 30 September 2007. On 1 March 2007, Ms C Bowe and Ms L Webber were appointed Directors. No other person was a Director of the Company during any part of the year. In accordance with either the Company's Articles of Association or the Combined Code on Corporate Governance (2003), Mr RA Armstrong, Ms C Bowe, Ms L Webber, Mr JP Williams and Sir Brian Williamson will all retire at the Annual General Meeting in 2008 and, being eligible, offer themselves for re-election. Professor Sir George Bain and Lord King of Bridgwater will retire as Directors at the Annual General Meeting.

Directors' Interests

The interests of the Directors (including connected persons) in the ordinary shares of the Company are shown below. Save as disclosed, no Director had any notifiable interest in the securities of the Company or of any subsidiary of the Company. There have been no changes in the interests of any of the Directors in the ordinary shares of the Company between 1 October 2007 and 5 December 2007.

	30 September 2007 Shares	Date Shares Purchased	Number of Shares Purchased	Date Shares Sold	Number of Shares Sold	1 October 2006 Shares
Sir Brian Williamson	**30,000**	–	–	–	–	30,000
RA Armstrong	**23,723**	–	–	–	–	23,723
Professor Sir George Bain	**2,000**	–	–	–	–	2,000
C Bowe	**1,129**	11/06/07	1,129	–	–	–
Lord King of Bridgwater	**15,615**	–	–	–	–	15,615
MED'A Walton	**54,979**	–	–	–	–	54,979
L Webber *	**1,500**	–	–	–	–	–
JP Williams	**10,000**	–	–	–	–	10,000

* Upon appointment Ms L Webber had an interest in 1,500 ordinary shares of the Company.

Substantial Shareholders

At 5 December 2007 the Company had been notified of the following interests of 3% or more in the Company's ordinary shares:

	Shares	%
Asset Value Investors Limited on behalf of clients *	2,428,247	6.59
Prudential Plc group of companies	2,257,418	6.13
Rensburg Sheppards Investment Management Limited	1,780,564	4.83
Legal & General Group PLC	1,503,723	4.08

* At the date of receipt of notification from Asset Value Investors Limited, being 30 July 2007, Asset Value Investors Limited confirmed that of the 2,428,247 ordinary shares disclosed above, a total of 1,306,684 ordinary shares were held on behalf of British Empire Securities as beneficial holder.

Charitable and Political Donations

During the year the Group made no charitable or political donations (2006: £nil).

Audit Information

Pursuant to Section 234ZA (2) (a) of the Companies Act 1985, each of the Directors confirms that so far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware and they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as Auditors to the Company will be proposed at the Annual General Meeting. A separate resolution will be proposed at the Annual General Meeting authorising the Directors to determine the remuneration of the Auditors.

Additional information for shareholders

Set out below is a summary of certain provisions of the Company's current Articles of Association (as adopted by special resolution on 1 March 2000 (the 'Articles')) and applicable English law concerning companies (the Companies Act 1985 and the Companies Act 2006, together the 'Companies Acts'). This is a summary only and the relevant provisions of the Articles or the Companies Acts should be consulted if further information is required. Certain amendments will be proposed to the Articles at the Annual General Meeting to be held on 6 February 2008, as explained under Annual General Meeting. Further details are set out in the Notice of the Annual General Meeting on page 72. A copy of the Company's current Articles, together with a copy marked up to show the proposed amendments, are available for inspection at the Company's registered office.

Share capital

The Company has a single class of share capital which is divided into ordinary shares of 25 pence each. The shares are in registered form.

Dividends and distributions

Subject to the provisions of the Companies Acts, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25% interest (as defined in the Articles) if such a person has been served with a notice after failure to provide the Company with information concerning interest in those shares required to be provided under the Companies Acts.

Voting rights

Subject to any special rights or restrictions attaching to any class of shares, at a general meeting or class meeting, every member present in person and every duly appointed proxy has, upon a show of hands, one vote and on a poll every member who is present in person or by proxy has one vote for every complete 25p in nominal amount of the shares of which he is the holder. In the case of joint holders of a share the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the shares. Under the Companies Acts members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meetings as a corporate representative. The person or any one of such persons so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company.

Restrictions on voting

No member shall be entitled to vote either in person or by proxy at any general meeting or class meeting in respect of any shares held by him if any call or other sum then payable by him in respect of that share remains unpaid. In addition no member shall be entitled to vote if he has been served with a notice after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not than less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to statute, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them.

Transfer of shares

All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members of the Company. The Directors may, at any time after the allotment of any share, but before any person has been entered in the Register of Members as the holder, recognise a renunciation by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose. Transfers of shares which are in uncertificated form are effected by means of the CREST system.

The Directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason, refuse to register any transfer of shares (not being fully paid shares) provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Directors may also refuse to register an allotment or transfer of shares (whether fully-paid or not) in favour of more than four persons jointly. If the Directors refuse to register an allotment or transfer they shall within two months after the date on which the letter of allotment or transfer was lodged with the Company send to the allottee or transferee a notice of the refusal.

The Directors may decline to recognise any instrument of transfer unless the instrument of transfer is in respect of only one class of share and when submitted for registration is accompanied by the relevant share certificates and such other evidence as the Directors may reasonably require.

Subject to statutes and applicable CREST rules, the Directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of the CREST system or that shares of any class should cease to be so held and transferred.

A shareholder does not need to obtain the approval of the Company, or of other shareholders of shares in the Company, for a transfer of shares to take place.

Appointment and replacement of Directors

Directors shall be no less than three and no more than fifteen in number. A Director is not required to hold any shares of the Company by way of qualification. The Company may by ordinary resolution increase or reduce the maximum or minimum number of Directors.

At each Annual General Meeting, any Director who was elected or last re-elected a Director at or before the Annual General Meeting held in the third calendar year before the current calendar year shall retire by rotation and such further Directors (if any) shall retire by rotation as would bring the number retiring by rotation up to one-third of the number of Directors in office at the date of the notice of the meeting (if their number is not a multiple of three, the number shall be the number nearest to but not greater than one-third). The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. The additional Directors to retire shall be those who have been longest in office since their last re-election or in the case of those who were appointed or re-elected on the same date, shall be determined by lot. A retiring Director is eligible for re-election.

The Board may appoint any person to be a Director (so long as the total number of Directors does not exceed the limit prescribed in these Articles). Any such Director shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The office of Director shall be vacated if:

(i) he resigns in writing or offers to resign in writing and the Board resolves to accept such offer;

(ii) he becomes bankrupt or compounds with his creditors generally;

(iii) he is prohibited by law from being a Director;

(iv) he is absent without permission of the Board from meetings of the Board for six consecutive months and the Board resolves that the office is vacated; or

(v) notice is served upon him in writing by all his co-Directors.

Powers of the Directors

Subject to the Articles, the Companies Acts and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The aggregate amount remaining undischarged of all money borrowed by the Company or its subsidiaries may not, without the prior sanction of an ordinary resolution, exceed the aggregate of (i) the amount paid up or credited as paid up on the share capital of the Company or (ii) the total of the capital and revenue reserves of the Company and its subsidiaries, subject to certain adjustments.

The Company may by ordinary resolution declare dividends but no dividend shall be payable in excess of the amount recommended by the Directors. Subject to the provisions of the Articles and to the rights attaching to any shares, any dividends or other monies payable on or in respect of a share may be paid in such currency as the Directors may determine. The Directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares of the Company. The Directors may retain any dividends payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Amendment of Articles of Association

Any amendments to the Articles of the Company may be made in accordance with the provisions of the Companies Acts by way of special resolution. Two resolutions will be put to the Annual General Meeting to be held on 6 February 2008 to amend the Articles. The proposed changes to the Articles derive from the Companies Act 2006 and they relate to: (i) giving the Directors the power in the Articles to authorise certain conflicts of interest as described in Section 175 of the Companies Act 2006 with effect from 1 October 2009, or any earlier date on which Section 175 of the Companies Act 2006 comes into effect, and (ii) communications by the Company with its members. The proposed changes are described in more detail in the Notice of Annual General Meeting set out on page 72.

Significant agreements: Change of control

If there is a no fault termination by the Company of the Management Agreement dated 12 October 2006 (between the Company and Electra Partners) within 24 months of a change of effective control of the Company, 100% of the carried interest which has accrued as at the date of termination will be payable to the members of Electra Partners over three years and any future additional carry on existing investments will vest at 80% and will be paid on the realisation of investments when it becomes due in the ordinary course.

Creditor payment policy

The Company agrees the terms of payment with its suppliers when agreeing the terms of each agreement. Suppliers are aware of the terms of payment and the Company abides by the terms of payment. The Group's average creditor payment period at 30 September 2007 was one day (2006: one day) and that of the Company was one day (2006: one day).

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Accounts as the Company has adequate resources to continue in operational existence for the foreseeable future.

Annual General Meeting

The Annual General Meeting will be held on Wednesday 6 February 2008. In addition to the ordinary business the following special business will be considered:

Authority to purchase own shares (Resolution 14)

A special resolution will be proposed to renew the Board's authority to purchase its own shares, so as to permit the purchase of up to 5,522,718 of the Company's ordinary shares (or such lesser number of shares as is equal to 14.99% of the total number of ordinary shares in issue at the date of the passing of the resolution) subject to the constraints set out in the special resolution. The Directors would intend to use this authority to purchase shares only if this would result in an increase in net asset value per share and would be in the best interests of shareholders generally. Should any shares be purchased under this authority, it is the intention of the Board that such shares be cancelled.

The Directors believe that the renewal of the Board's authority to purchase shares, as detailed above, is consistent with the changes approved at the Extraordinary General Meeting held on 12 October 2006 and is in the best interests of shareholders as a whole. The Directors therefore recommend shareholders to vote in favour of Resolution 14.

Articles of Association

Two special resolutions will be proposed to update the Company's Articles of Association (the "Articles"), to take advantage of new provisions of company law contained in the Companies Act 2006 relating to electronic communications with shareholders and Directors' conflicts of interest. In addition a resolution will be proposed to increase the existing limit on Directors' ordinary remuneration under the Articles. The Notice of Annual General Meeting together with a description of the principal changes to the Articles is set out on page 72. Details of the changes relating to Directors' remuneration, electronic communications and Directors' conflicts of interest are provided below.

Directors' remuneration (Resolution 11)

The Articles provide that shareholders set the aggregate limit on Directors' ordinary remuneration. This was last set in 1997 at £250,000 per annum.

The Articles also provide for the payment of additional remuneration to any Director who performs special services beyond the ordinary services of a Director. Such additional remuneration is not taken into account for the purpose of the £250,000 limit referred to above.

As disclosed in the Directors' Remuneration Report, during the year ended 30 September 2007 the Chairman was paid £150,000. All other Directors were paid at the rate of £28,500 per annum apart from Mr MED'A Walton, who was paid £38,500 in the year reflecting his additional responsibilities on the Audit Committee. The individual entitlements of Directors were last fixed in 2001. In aggregate the remuneration amounted to £335,700 for the year ended 30 September 2007.

Following completion of the review of investment strategy and negotiations of contractual arrangements with Electra Partners, the Board considers it is now appropriate to re-set the limit of Directors' ordinary remuneration at a level which properly reflects the current responsibilities of the Chairman and Directors including the increased commitments arising out of modern corporate governance requirements. Against this background it will be the Board's intention to review the fee structure of Directors.

Resolution 11 therefore proposes an increase in the current limit on Directors' ordinary remuneration from £250,000 per annum to £450,000 per annum.

Electronic communications and related changes to the Articles (Resolution 12)

Resolution 12 is a special resolution to give general authority to send or supply documents or information to shareholders in electronic form (e.g. by email) or by means of a website, so taking advantage of new company legislation regarding electronic communications with shareholders, which became effective on 20 January 2007.

Existing company legislation permits the Company to communicate with shareholders in electronic form (e.g. by fax, email or by means of a website) in respect of certain types of information they receive from the Company. However, the new legislation makes two important changes:

- all company notices, documents and other information ("shareholder information") can now be provided to shareholders electronically, provided that they agree to this and provide an appropriate (e.g. email) address;
- if shareholders are invited to agree that the Company may send or supply shareholder information by means of a website, those who do not respond within 28 days are deemed to have agreed to the Company communicating shareholder information to them by means of a website. Such shareholders can at any time elect to continue to receive all shareholder information in hard copy form.

Resolution 12 also makes various changes to the Articles to reflect the new legislation on electronic communications, and to make a number of minor consequential changes required by the Companies Act 2006. An explanation of the effect of the proposed changes is set out in Part 1 of the Appendix to the Notice of Annual General Meeting.

If Resolution 12 is passed, at an appropriate time the Board will write to shareholders in accordance with the Companies Act 2006, inviting those shareholders who wish to continue to receive hard copy documents to contact the Company. As this will only take place after the Annual General Meeting, shareholders need take no action at present. Where shareholders agree (or are deemed to have agreed) to communication of shareholder information by means of a website, shareholders will be notified of the availability of the relevant document or information on the website, the address of the website, the place on the website where it may be accessed and how to access the document or information. This information will be provided to shareholders by post or by email (if they have provided the Company with an email address for this purpose).

Increased use of electronic communications will deliver significant savings to the Company in terms of administration, printing and postage costs. It will also speed up the communication of information to shareholders in a convenient form, whilst at the same time delivering significant environmental benefits through reduced use of paper and of the energy required for its production and distribution.

Directors' conflicts of interest and related changes to the Articles (Resolution 13)

The Companies Act 2006 sets out in statute for the first time the general duties of directors. The provisions largely codify the existing law, but with some important changes. One of these changes is that a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The new duty is very broad and could apply, for example, if a Director becomes a Director of another company or a trustee of another organisation. It is due to take effect on 1 October 2009, although the Department for Business, Enterprise and Regulatory Reform is consulting as to whether to bring this into effect, as originally scheduled, on 1 October 2008.

The Companies Act 2006 allows directors of public companies to authorise certain conflicts and potential conflicts where the articles of association contain a provision to this effect. Resolution 13 is a special resolution which amends the Articles with effect from 1 October 2009 (or any earlier date on which Section 175 of the Companies Act 2006 comes into effect) to reflect the coming into force of these new provisions so as to give the Directors power to authorise situations of actual or potential conflict which might otherwise put a Director in breach of his new obligations. An explanation of the effect of the proposed new Article 93A is summarised in Part 2 of the Appendix to the Notice of the Annual General Meeting.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only independent Directors (i.e. those who have no interest in the matter being considered) will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the success of the Company for the benefit of members as a whole. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. In addition, the Company intends to follow developing best practice, as regards process and reporting, in relation to the exercise of the power to authorise conflicts to be included in the Articles by virtue of Resolution 13.

Recommendation

The Directors believe that the proposed increase in the limit of Directors' ordinary remuneration, the authorisation to use electronic communications and the proposed changes to the Articles of Association, as detailed above, are in the best interests of shareholders as a whole. The Directors therefore recommend shareholders to vote in favour of Resolutions 11, 12 and 13.

By order of the Board of Directors
PJ Dyke, Secretary, Paternoster House
65 St Paul's Churchyard, London EC4M 8AB
5 December 2007

Directors' Remuneration Report

The Directors submit this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An Ordinary Resolution for the approval of this report will be put to members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited they are indicated as such.

Remuneration Committee

The Remuneration Committee comprises all the Directors of the Company other than the Chairman, who takes no part in determining his own remuneration. Mr JP Williams was Chairman of the Remuneration Committee throughout the year. The number of Directors of the Company was eight as at 30 September 2007, following the appointments of Ms C Bowe and Ms L Webber. The Committee relies upon general salary surveys rather than advice or services from any person in respect of its consideration of the Directors' remuneration. The total remuneration of the Directors is determined by the provisions in the Articles of Association and by shareholders' resolutions.

Policy on Directors' Remuneration

The policy of the Remuneration Committee is that remuneration of non-executive Directors should be fair and sufficient to attract Directors to properly oversee the affairs of the Company and should reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. It is intended that this policy will continue for the year ended 30 September 2008 and subsequent years. Non-executive Directors are not eligible to receive bonuses, pension benefits, share options or other benefits.

Directors' Service Contracts

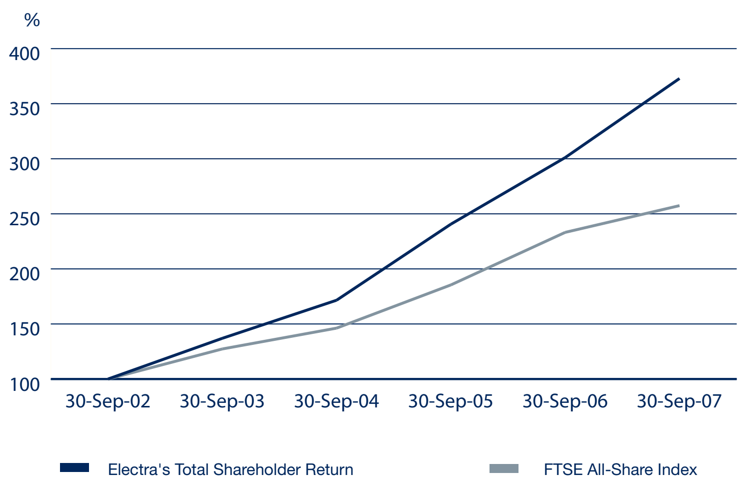
None of the Directors has a service contract with the Company. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office.

Total Shareholder Return

Pursuant to the Directors' Remuneration Report Regulations 2002, the Company is required to show a graph of total shareholder return against a suitable benchmark index in its Directors' Remuneration Report.

The graph below compares the Company's total shareholder return over the five financial years to 30 September 2007 with the FTSE All-Share Index. The Directors consider that, since the Company invests in a broad range of commercial sectors, the FTSE All-Share Index was the most appropriate index against which to compare the Company's performance for these five years.

Electra Private Equity Total Shareholder Return versus FTSE All-Share Index



Directors' Remuneration for the Year (audited)

The Directors who served during the year received the following emoluments in the form of salary and fees:

	30 September 2007 £000	30 September 2006 £000
Sir Brian Williamson (Chairman and highest paid Director)	**150.0**	150.0
RA Armstrong	**28.5**	28.5
Professor Sir George Bain	**28.5**	28.5
C Bowe	**16.6**	–
Lord King of Bridgwater	**28.5**	28.5
MED'A Walton	**38.5**	38.5
L Webber	**16.6**	–
JP Williams	**28.5**	28.5
Total	**335.7**	302.5

JP Williams, Chairman of the Remuneration Committee
Paternoster House
65 St Paul's Churchyard, London EC4M 8AB
5 December 2007

Corporate Governance

The Directors confirm that during the year under review the Company has complied with Section 1 of the Combined Code on Corporate Governance (“the Code”) issued by the Financial Reporting Council in 2003.

The Board of Directors

Following the appointments of Ms C Bowe and Ms L Webber with effect from 1 March 2007, the Board comprised of eight Directors as at 30 September 2007 all of whom were non-executive. The Board has nominated Mr JP Williams as the Senior Independent Director.

It is the responsibility of the Board to ensure that there is effective stewardship of the Company’s affairs. The Board has agreed a schedule of matters reserved for its specific approval, which includes a regular review of the Company’s management agreements with Electra Partners, together with the monitoring of the performance thereunder. The management agreements set out the matters over which Electra Partners has authority in accordance with the policies and directions of the Board. The Board meetings consider, as appropriate, such matters as overall strategy, investment performance, gearing, share price performance, share price discount, the shareholder profile of the Company and communication with shareholders. The Board considers that it meets sufficiently regularly to discharge its duties effectively.

The number of scheduled meetings of the Board and Committees of the Board held during the year and the attendance of the individual Directors at those meetings is shown in the table below. All the Directors attended the Annual General Meeting and some Directors additionally held informal meetings with shareholders during the year. No meetings of the Remuneration Committee were held during the year.

Directors’ Attendance at Scheduled Meetings of the Board and Committees of the Board

	Board	Nomination Committee	Audit Committee
Number of Meetings	**4**	**3**	**3**
Sir Brian Williamson	4	3	* –
RA Armstrong	4	3	3
Professor Sir George Bain	3	3	1
C Bowe	1	1	1
Lord King of Bridgwater	4	3	2
MED’A Walton	4	3	3
L Webber	2	1	2
JP Williams	4	3	3

* Sir Brian Williamson is not a member of the Audit Committee.

The Board receives information that it considers to be sufficient and appropriate to enable it to discharge its duties. Directors usually receive board papers several days in advance of board meetings and are able to consider in detail the Company’s performance and any issues to be discussed at the relevant meeting.

The Directors believe that the Board has the balance of skills and experience which enables it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on page 68.

Independence of the Board

Sir Brian Williamson, Mr JP Williams, Lord King of Bridgwater, Professor Sir George Bain and Mr RA Armstrong have served on the Board for more than nine years. The Board has carefully considered the independence of each Director under the provisions of the Code and has concluded that each Director is wholly independent on the basis that the Board firmly believes that independence is a state of mind, and the character and judgement which accompany this are distinct from and are not compromised by length of service. The Directors (including the Chairman) who have been in office for more than nine years will submit themselves to annual re-election apart from Lord King of Bridgwater and Professor Sir George Bain who will retire at the forthcoming Annual General Meeting.

The Board carried out a formal appraisal process of its own operations and that of its Committees and its and their performances during the year. This was implemented by means of questionnaires circulated to the Directors, the results of which were then reviewed by the Board. Issues covered included Board composition, meeting arrangements and communication. The process was considered by the Board to be constructive in identifying areas for improving the functioning and performance of the Board and of its Committees. The Board concluded that its performance and that of its Committees was satisfactory.

The Chairman carried out a formal appraisal of each of the Directors during the year and the Board, under the leadership of the Senior Independent Director, similarly appraised the Chairman. Relevant matters considered included the attendance and participation at Board and Committee meetings, commitment to Board activities and the effectiveness of the contribution made by the relevant Director. As a result of this process, the Chairman has confirmed that the performance of each of the Directors being proposed for re-election continues to be effective and that each of them continues to show commitment to his role. The Senior Independent Director has also confirmed the continuing effectiveness and commitment of the Chairman.

Re-election of Directors

In accordance with the Code's provisions and or the Company's Articles, each of Sir Brian Williamson, Mr RA Armstrong, Ms C Bowe, Ms L Webber and Mr JP Williams will retire at the Annual General Meeting to be held in 2008 and each offers himself or herself for re-election.

Independent Professional Advice

Individual Directors may seek independent professional advice in furtherance of their duties at the Company's expense within certain parameters. All Directors have access to the advice and services of the Company Secretary.

The Audit Committee

The Board has an Audit Committee established in compliance with the Code. It comprises all the Directors, other than the Chairman of the Board with Mr RA Armstrong as Chairman of the Committee. The Board has taken note of the suggestion that at least one member of the Committee should have recent and relevant financial experience and is satisfied that the Committee is properly constituted in this respect. Its authority and duties are clearly defined in its written terms of reference which are available on the Company's website.

The Committee's responsibilities include:

- monitoring and reviewing the integrity of the financial statements, the internal financial controls and the independence, objectivity and effectiveness of the external auditors;
- making recommendations to the Board in relation to the appointment of the external auditors and approving their remuneration and terms of their engagement;
- developing and implementing the Company's policy on the provision of non-audit services by the external auditors;
- reviewing the arrangements in place within Electra Partners whereby their staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company;
- considering annually whether there is a need for the Company to have its own internal audit function.

The Committee has reviewed the provision of non-audit services and believes them to be cost effective and not an impediment to the external auditor's objectivity and independence. The non-audit services include the provision of taxation advice. It has been agreed that all non-audit work to be carried out by the external auditors must be approved by the Audit Committee and that any special projects must be approved in advance.

Following the review carried out by the Audit Committee as to whether there is a need for the Company to have its own internal audit function, the Board has considered and continues to believe that the internal control systems in place within Electra Partners and the internal control reports provided by it give sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary.

The Remuneration Committee

The Remuneration Committee is chaired by Mr JP Williams and comprises all the Directors of the Company, other than the Chairman of the Board who takes no part in determining his own remuneration. It was not necessary to hold any meeting of the Committee during the course of this year. The Committee has written terms of reference which are available on the Company's website. Full details of its role are set out in the Directors' Remuneration Report.

The Nomination Committee

The Nomination Committee meets on an ad hoc basis to consider suitable candidates for appointment as Director. It comprises all the Directors with Sir Brian Williamson as Chairman. The Committee is responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies to maintain a balanced Board. During the year the Nomination Committee engaged the services of an external search consultant in relation to the appointment of additional Directors. The Committee has written Terms of Reference which are available on the Company's website. Letters of appointment, which specify the terms of appointment are issued to new Directors.

The Valuations Committee

Subsequent to the year end, the Board has established a Valuations Committee. The Committee will add a further level of oversight to the valuation process carried out by Electra Partners under its contractual arrangements with Electra. Colette Bowe and Lucinda Webber have joined this Committee which is chaired by Michael Walton.

Induction and Training

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee and which includes being briefed fully about the Company by the Chairman and senior executives of Electra Partners. Following appointment, Directors continue to receive other relevant training and advice as necessary to enable them to discharge their duties.

The Company's Relationship with its Shareholders

The Company places great importance on communication with the Company's shareholders. The Company, in conjunction with Electra Partners, maintains a regular dialogue with its institutional shareholders and City analysts, with a number of presentations and visits being undertaken throughout the year. Meetings are held with principal shareholders to discuss relevant issues as they arise.

At the Annual General Meeting all shareholders are welcome to attend and have the opportunity to put questions to the Board and hear a presentation from Electra Partners covering the investment performance during the last financial year.

The notice of the Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting. A separate resolution is proposed on each substantially separate issue including the annual report and accounts. All proxy votes are counted and, except where a poll is called, the Chairman indicates the level of proxies lodged for each resolution and the balance for and against the resolution after it has been dealt with on a show of hands.

The Chairman and the Senior Independent Director can be contacted either through the Company Secretary or at the Company's registered office at Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB.

Internal Control

The Code requires the Directors to review the effectiveness of the Company's system of internal control and report to shareholders that they have done so. This encompasses a review of all controls including financial, operational and compliance controls and risk management.

The Board confirms that it has an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place throughout the year and has continued since the year end. It is reviewed at regular intervals by the Board and accords with the guidance set out in 'Internal Controls: Guidance for Directors on the Combined Code'.

The Board is responsible for the Company's system of internal control and has reviewed its effectiveness for the year ended 30 September 2007. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Since investment management, custody of assets and all administrative services are provided or arranged for the Company by Electra Partners, the Company's system of internal control mainly comprises the monitoring of the services provided by Electra Partners, including the operating controls established by them to ensure they meet the Company's business objectives. The key elements designed to provide effective internal control are as follows:

- Financial Reporting – regular and comprehensive review by the Board of key investment and financial data, including management accounts, revenue projections, analyses of transactions and performance comparisons.
- Investment Strategy – agreement by the Board of the Company's Objective and Investment Policy.
- Management Agreements and Investment Performance – the Board regularly monitors the performance of Electra Partners to ensure that the Company's assets and affairs are managed in accordance with the Company's Objective and Investment Policy.

The Board keeps under review the effectiveness of the Company's system of internal control by monitoring the operation of the key controls of Electra Partners as follows:

- The Board reviews the terms of the management agreements and receives regular reports from Electra Partners executives.
- The Board reviews the certificates provided by Electra Partners on a six monthly basis verifying compliance with documented controls.

Voting Policy

Under the investment management arrangements Electra Partners has complete discretion in relation to all voting issues in respect of the Company's investments. Electra Partners' policy has adopted and applies the Statement of Principles drawn up by the Institutional Shareholders Committee when it considers these in its reasonable judgement to best serve the financial interests of the Company's shareholders. Electra Partners' policy has been reviewed and endorsed by the Board.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of that year and of the profit of the Group for that year. In preparing those accounts the Directors are required to:

- select appropriate accounting policies and then apply them consistently on the basis of judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the Accounts;
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the Accounts comply with the Companies Act 1985. They are also responsible for taking such steps as are reasonably open to them for safeguarding the assets of the Company and of the Group and for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with these requirements.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Accounts.

Report of the Independent Auditors

Independent Auditors' Report to the Members of Electra Private Equity PLC
We have audited the group and parent company financial statements (the "financial statements") of Electra Private Equity PLC for the year ended 30 September 2007 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective Responsibilities of Directors and Auditors
The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Investment Manager's Review, the Corporate Governance Statement and the other items included in the contents section. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 September 2007 and of its profit and cash flows for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 September 2007 and cash flows for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
5 December 2007

- The maintenance and integrity of the www.electraequity.com website is the responsibility of the Directors; 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.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

Note	For the year ended 30 September	Revenue £'000	Capital £'000	2007 Total £'000	Revenue £'000	Capital £'000	2006 Total £'000
1	Net gains on investments held at fair value	**34,420**	**170,083**	**204,503**	33,484	143,579	177,063
1	Profits on revaluation of foreign currencies	**–**	**7,637**	**7,637**	–	6,122	6,122
		34,420	**177,720**	**212,140**	33,484	149,701	183,185
3	Other Income	**2,394**	**–**	**2,394**	2,437	–	2,437
4	Priority profit share paid to general partners	**(12,350)**	**–**	**(12,350)**	(10,681)	–	(10,681)
4	Other expenses	**(2,702)**	**(5,538)**	**(8,240)**	(3,539)	(645)	(4,184)
	Net Profit before Finance Costs and Taxation	**21,762**	**172,182**	**193,944**	21,701	149,056	170,757
7	Finance costs	**(8,859)**	**–**	**(8,859)**	(8,799)	–	(8,799)
	Profit on Ordinary Activities before Taxation	**12,903**	**172,182**	**185,085**	12,902	149,056	161,958
8	**Taxation**	**(3,624)**	**(7,132)**	**(10,756)**	(4,286)	(7,208)	(11,494)
	Profit after Taxation	**9,279**	**165,050**	**174,329**	8,616	141,848	150,464
18	**Attributable to Equity Shareholders**	**9,279**	**165,050**	**174,329**	8,616	141,848	150,464
11	**Basic and Diluted Earnings per Ordinary Share**	**24.60p**	**437.49p**	**462.09p**	20.58p	338.80p	359.38p

The Total column of this statement represents 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. This is further explained in the Basis of Accounting on page 43.

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

	2007	2006
Number of Ordinary Shares in issue at 30 September	**37,252,687**	**38,722,687**

Note	**Dividends Paid**	2007	2006
9	Total paid (£'000)	**6,375**	8,592
9	Per share	**17p**	20p

Accounts Consolidated Income Statement

Statement of Changes in Equity

Note	For the year ended 30 September for the Group	2007 £'000	2006 £'000
18	Total equity at 1 October	**598,292**	520,883
12	Adoption of IAS 39 *	**–**	1,239
18	Profit after taxation	**174,329**	150,464
18	Foreign currency translation differences	**1,564**	(1,445)
	Total Recognised Income and Expense	**774,185**	671,141
18	Special dividend to equity shareholders †	**(6,375)**	(8,592)
18	Purchase of own shares	**(22,304)**	(64,257)
	Total Equity Shareholders' Funds at 30 September	**745,506**	598,292

Note	For the year ended 30 September for the Company	2007 £'000	2006 £'000
18	Total equity at 1 October	**592,364**	496,760
12	Adoption of IAS 39 *	**–**	1,239
18	Profit after taxation	**180,634**	167,214
	Total Recognised Income and Expense	**772,998**	665,213
18	Special dividend to equity shareholders †	**(6,375)**	(8,592)
18	Purchase of own shares	**(22,304)**	(64,257)
	Total Equity Shareholders' Funds at 30 September	**744,319**	592,364

* Opening balance at 1 October 2005 has been restated for IAS 39 such that listed investments have been valued at bid rather than mid price and marketability discounts have not been applied.

† Special dividend paid of 17p (2006: 20p) per share after share buy-back of 1,000,000 ordinary shares on 18 December 2006, 120,000 ordinary shares on 19 December 2006 and 100,000 ordinary shares on 15 January 2007 (2006: 550,000 ordinary shares on 6 February 2006).

Consolidated Balance Sheet

Note		£'000	As at 30 Sept 2007 £'000	£'000	As at 30 Sept 2006 £'000
	Non-Current Assets				
12	Investments held at fair value:				
	Unlisted and listed		**633,311**		386,033
	Floating rate notes		**299,437**		394,201
			932,748		780,234
	Current Assets				
13	Trade and other receivables	**16,189**		1,481	
	Cash and cash equivalents	**16,948**		9,875	
			33,137		11,356
	Current Liabilities				
14	Trade and other payables	**19,584**		15,591	
	Net Current Assets/(Liabilities)		**13,553**		(4,235)
	Total Assets less Current Liabilities		**946,301**		775,999
15	Bank loans		**160,699**		165,823
			785,602		610,176
22	Deferred tax	**12,701**		1,299	
23	Provision for liabilities and charges	**27,395**		10,585	
	Non-Current Liabilities		**40,096**		11,884
	Net Assets		**745,506**		598,292
	Capital and Reserves				
17	Called-up share capital		**9,313**		9,681
18	Share premium	**24,147**		24,147	
18	Capital redemption reserve	**33,962**		33,594	
18	Translation reserve	**597**		(967)	
18	Realised capital profits	**792,960**		645,621	
18	Unrealised capital losses	**(141,573)**		(136,980)	
18	Revenue reserves	**26,100**		23,196	
			736,193		588,611
	Total Equity Shareholders' Funds		**745,506**		598,292
	Net Asset Value per Ordinary Share		**2,001.21p**		1,545.07p
	Ordinary Shares in issue 30 September		**37,252,687**		38,722,687

The notes on pages 43 to 66 are an integral part of the financial statements.

Balance Sheet

Note		As at 30 Sept 2007 £'000	£'000	As at 30 Sept 2006 £'000	£'000
	Non-Current Assets				
12	Investments held at fair value:				
	Subsidiary undertakings		**322,926**		96,799
	Unlisted and listed		**153,672**		233,137
	Floating Rate Notes		**299,437**		394,201
			776,035		724,137
	Current Assets				
13	Trade and other receivables	**18,993**		6,280	
	Cash and cash equivalents	**16,398**		8,957	
			35,391		15,237
	Current Liabilities				
14	Trade and other payables	**27,961**		136,425	
	Net Current Assets/(Liabilities)		**7,430**		(121,188)
			783,465		602,949
22	Deferred tax	**11,751**		–	
23	Provision for Liabilities and Charges	**27,395**		10,585	
	Non Current Liabilities		**39,146**		10,585
			744,319		592,364
	Capital and Reserves				
17	Called-up share capital		**9,313**		9,681
18	Share premium	**24,147**		24,147	
18	Capital redemption reserve	**33,962**		33,594	
18	Realised capital profits	**805,203**		657,968	
18	Unrealised capital losses	**(143,021)**		(141,960)	
18	Revenue reserve	**14,715**		8,934	
			735,006		582,683
	Total Equity Shareholders' Funds		**744,319**		592,364

The notes on pages 43 to 66 are an integral part of the financial statements.

The Accounts on pages 37 to 66 were approved by the Directors on 5 December 2007 and were signed on their behalf by:

Sir Brian Williamson, *Chairman*

Consolidated Cash Flow Statement

For the year ended 30 September	£'000	2007 £'000	£'000	2006 £'000
Operating Activities				
Purchases of investments	**(353,116)**		(457,865)	
Amounts paid under incentive schemes	**(28,641)**		(13,691)	
Sales of investments	**415,782**		460,114	
Dividends and distributions received	**2,221**		14,560	
Other investment income received	**26,073**		28,323	
Interest income received	**2,098**		2,139	
Other income received	**297**		297	
Expenses paid	**(14,638)**		(13,407)	
Taxation paid	**(6,574)**		(7,380)	
Net Cash Inflow from Operating Activities		**43,502**		13,090
Financing Activities				
Bank loans drawn	**126,932**		71,680	
Bank loans repaid	**(123,109)**		(56,680)	
Purchase of own shares	**(22,304)**		(64,257)	
Loans received	**–**		–	
Finance costs	**(9,792)**		(7,451)	
Other finance costs	**(471)**		(222)	
Dividend paid	**(6,375)**		(8,592)	
Net Cash Outflow from Financing Activities		**(35,119)**		(65,522)
Changes in cash and cash equivalents		**8,383**		(52,432)
Cash and cash equivalents at 1 October		**9,875**		62,610
Translation difference		**(1,310)**		(303)
Cash and cash equivalents at 30 September		**16,948**		9,875

Cash Flow Statement

For the year ended 30 September	£'000	2007 £'000	£'000	2006 £'000
Operating Activities				
Purchases of investments	**(247,632)**		(416,359)	
Amounts paid under incentive scheme	**(28,641)**		(13,691)	
Sales of investments	**402,512**		421,131	
Dividends and distributions received	**2,253**		7,257	
Other investment income received	**21,189**		19,234	
Interest received	**2,097**		2,157	
Other income received	**297**		297	
Expenses paid	**(12,816)**		(14,181)	
Taxation paid	**(5,414)**		(7,380)	
Net Cash Inflow/(Outflow) from Operating Activities		**133,845**		(1,535)
Financing Activities				
Purchase of own shares	**(22,304)**		(64,257)	
Loans received	**13,153**		–	
Intercompany loans	**(109,792)**		21,978	
Other finance costs	**(471)**		(222)	
Dividend paid	**(6,375)**		(8,592)	
Net Cash Outflow from Financing Activities		**(125,789)**		(51,093)
Changes in cash and cash equivalents		**8,056**		(52,628)
Cash and cash equivalents at 1 October		**8,957**		61,888
Translation difference		**(615)**		(303)
Cash and cash equivalents at 30 September		**16,398**		8,957

Basis of Accounting

The Accounts for the year ended 30 September 2007 have been prepared in accordance with the Companies Act 1985 and International Financial Reporting Standards ("IFRS"). IFRS comprises standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") as adopted in the European Union as at 30 September 2007.

In order to reflect the activities of an investment trust company, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. In analysing total income between capital and revenue returns, the Directors have followed the guidance contained in the Statement of Recommended Practice for investment trusts issued by the Association of Investment Companies in December 2005 (the "SORP").

The recommendations of the SORP which have been followed include:

- Realised and unrealised profits or losses arising on the revaluation or disposal of investments classified as held at fair value through profit and loss should be shown in the capital column of the income statement. Realised gains are taken to the realised reserves in equity and unrealised gains are transferred to the unrealised reserves in equity.
- Returns on any share or debt security (whether in respect of dividends, interest or otherwise) should be shown in the revenue column of the income statement. The total of the revenue column of the income statement is taken to the revenue reserve in equity.
- The Board should determine whether the indirect costs of generating capital gains should also be shown in the capital column of the income statement.

If the Board decides that this should be so, the management fee should be allocated between revenue and capital in accordance with the Board's expected long term split of returns, and other expenses should be charged to capital only to the extent that a clear connection with the maintenance or enhancement of the value of investments can be demonstrated. The Board has decided that the Company should continue to charge priority profit share and finance costs as revenue items for the year ended 30 September 2007.

In accordance with the Company's status as a UK investment company under Section 266 of the Companies Act 1985, net capital return may not be distributed by way of dividend.

The Accounts have been prepared on the historical cost basis of accounting, modified to include the revaluation of certain assets.

Application of new standards

Amendments to existing standards and IFRIC interpretations, that became effective in the year, have been applied by the Group but none have had a material impact on the financial statements or accounting policies.

New Standards and Interpretations not Applied

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:

International Accounting Standards		Application Date
IAS 1	Amendment – presentation of Financial Statements: Capital Disclosures	1 January 2007
IAS 1	(Revised) – presentation of Financial Statements: Items of Income and Expenses	1 January 2009
IAS 23	(Revised) – Borrowing Costs	1 January 2009
IFRS 7	Financial Instruments: Disclosures	1 January 2007
IFRS 8	Operating Segments	1 January 2009
IFRIC 10	Interim Financial Reporting and Impairment	1 November 2006

The Directors do not anticipate that the adoption of these standards and interpretations will have any significant impact on the financial statements other than to require some additional disclosures.

Basis of Consolidation

The consolidated Accounts include the Company and its subsidiary undertakings. Where subsidiaries are acquired or sold during the year their results are included in the consolidated accounts from the date of acquisition and up to the date of disposal respectively. A subsidiary is an entity where the Company has the power to govern the financial and operating policies so as to obtain benefit from its activities. The principal subsidiaries comprise wholly owned companies and majority holdings in limited partnerships through which investments are made. These are set out in Note 20. The holdings in limited partnerships are subsidiaries, and are therefore included in the consolidated financial statements, on the basis that they are considered to be special purpose entities of the Company, which have been set up for the specific purpose of holding investments for the Company. These are considered to be controlled by the Company under the interpretation of SIC 12 'Special Purpose Entities'.

The Board have appointed Electra Partners, an independent investment manager, under a contract of full discretionary management to manage the investments of the Company. This is effected through the Management and Investment Guideline Agreement and the relevant limited partnership agreements through which the Company makes its investments. Under these agreements Electra Partners as Manager, has full power to exercise the voting rights attaching to any of the Company's investments without reference to the Board. Consequently the Company does not have the power to participate in or govern the financial and operating policies of any of its investments and therefore even where the holding is greater than 50% of the equity, or between 20% and 50% of the equity, investments are not consolidated or accounted for using the equity method respectively.

Investments

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

Principles of Valuation of Investments

i General

In valuing investments, Electra Partners ("the Manager") follows the principles recommended in the International Private Equity and Venture Capital Valuation Guidelines which were effective from January 2005. Investments are valued at Fair Value at the reporting 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 better estimate of Fair Value. Because of the inherent uncertainties in estimating the value of private equity investments, the Manager exercises due caution in applying the various methodologies.

ii Unlisted Investments

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

- Earnings multiple
- Price of recent investment
- Net assets

In applying the Earnings Multiple methodology, the Manager applies a market based multiple that is appropriate and reasonable to the maintainable earnings of the company. In the majority of cases the Enterprise Value of the underlying business is derived by the use of an Earnings Before Interest and Tax multiple applied to 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.

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 for a period of up to one year from the date on which the investment was made subject to consideration of changes in market conditions. Other methodologies, as detailed above, may be used at any time if this is deemed to provide a better assessment of the Fair Value of the investment.

The Fair Value of an investment in a company which has not been valued by reference to a recent transaction will be arrived at through the following process:

- The Enterprise Value of the underlying business will be calculated using the earnings multiple or net assets basis;
- The Enterprise Value of the underlying business will then be adjusted for surplus assets or excess liabilities to arrive at an Enterprise Value for the company; and
- The valuation of Electra's investment will be calculated from the Enterprise Value for the company after deduction of prior ranking debt and other financial instruments and an appropriate marketability discount.

In terms of the marketability discount, this will normally be in the range of 10-30% applied to the Enterprise Value of the company after deducting prior ranking debt and other financial instruments.

The amount of the marketability discount will primarily reflect the ability of the Manager to control or influence the timing and nature of any realisation. Where the Manager has the ability to control an exit, or is part of a syndicate of like-minded investors who can control the exit, a marketability discount of 15% will normally be applied. This may vary according to market and investee company circumstances. Where the likelihood of an exit is high, the discount is likely to be lower. Where there is no ability to control an exit and exit is not under discussion, the discount is likely to be higher. In cases where no exit is contemplated by controlling shareholders, the investment may be valued by discounting the cash flow from the investment itself.

iii Listed Investments

Listed investments are stated at the last traded bid price on the balance sheet date without discount.

iv Limited Partnership Funds

The limited partnership funds are valued at the third party manager's valuation where this is consistent with the requirement to use fair value.

v Floating Rate Notes

Floating rate notes are held at fair value which equates to the issue price.

Accrued Income

Accrued income is included within investment valuations.

Cash and Cash Equivalents

Cash comprises cash at bank and short term deposits with an original maturity of less than three months.

Dividends

Dividend distributions to shareholders are recognised as a liability in the period in which they are approved unconditionally.

Foreign Currencies

The Group's presentational currency and the Company's functional and presentational currency is pounds sterling ("sterling"). Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currencies of the Group's respective entities at rates prevailing at the balance sheet date. Exchange differences arising are recognised through the Income Statement. At each balance sheet date assets and liabilities of foreign operations are translated into sterling at the rates prevailing on the balance sheet date. Foreign exchange differences arising on retranslation of the equity and reserves of subsidiaries with functional currencies other than sterling, are recognised directly in the Translation Reserve in equity. Foreign exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period.

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

Income distributions from limited partnership funds are recognised when the right to distribution is established.

Expenses
All expenses are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement except for expenses in connection with the disposal of non-current asset investments, which are deducted from the disposal proceeds of the investment.

Finance Costs
Costs of borrowings are expensed as revenue items through the Income Statement as they accrue on an effective yield basis.

Priority Profit Share
The majority of the investments are made by the Company in limited partnership funds managed by Electra Partners. Under the terms of the limited partnership agreements the general partner is entitled to appropriate, as a first charge on the net income or net capital gains of the limited partnership funds, an amount equivalent to its priority profit share. In periods in which the limited partnership funds have not yet earned sufficient net income or net capital gain to satisfy this priority profit share the entitlement is carried forward to the following period. In all instances the cash amount paid to the general partner in each period is equivalent to the priority profit share.

The priority profit share is charged wholly to the revenue column of the Income Statement.

Taxation
The tax effect of different items of income/gain and expense/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company’s effective rate of tax for the accounting period. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

The provision for the incentive schemes is based on the valuation of investments as at the balance sheet date. The incentive scheme is charged to the capital column of the Income Statement as a direct cost.

Revenue and Capital Reserves
The Capital Profit component of Total Income is taken to the non-distributable Realised Capital Profit Reserve within the Consolidated Statement of Changes in Equity. The Revenue Profit component of Total Income is taken to the Revenue Reserve from which dividend distributions are made.

Key Estimates and Assumptions

Estimates and judgements used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting estimates will, by definition, seldom equal the related actual results.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities relate to the valuation of unquoted investments. These are valued by Electra Partners in accordance with International Private Equity Venture Capital Valuation Guidelines. Judgement is required in order to determine the appropriate valuation methodology under these guidelines and subsequently in determining the inputs into the valuation model used. These judgements include making assessments of the future earnings potential of portfolio companies, appropriate earnings multiples to apply, and marketability discounts. Although the judgements are significant, the valuation guidelines are clear, well established and supported by a large part of the global private equity industry.

Notes to the Accounts

1 Segmental Analysis

For the year ended 30 September	UK & Continental Europe £'000	Americas £'000	Far East £'000	2007 Total £'000	UK & Continental Europe £'000	Americas £'000	Far East £'000	2006 Total £'000
Net Gain on Investments								
Realised capital gains on investments	**170,033**	**3,674**	**–**	**173,707**	116,983	1,852	2,942	121,777
Unrealised capital (losses)/gains on unlisted investments *	**(58,689)**	**28,377**	**15,267**	**(15,045)**	9,291	4,538	450	14,279
Unrealised capital gains on listed investments **	**2,976**	**1,516**	**6,929**	**11,421**	1,639	5,884	–	7,523
Portfolio investment income	**33,696**	**269**	**455**	**34,420**	32,581	622	281	33,484
	148,016	**33,836**	**22,651**	**204,503**	160,494	12,896	3,673	177,063
Capital gains on revaluation of foreign currency	**(1,281)**	**8,918**	**–**	**7,637**	–	5,870	252	6,122
	146,735	**42,754**	**22,651**	**212,140**	160,494	18,766	3,925	183,185
Other income				**2,394**				2,437
Priority profit share paid to general partners				**(12,350)**				(10,681)
Other Expenses				**(8,240)**				(4,184)
Net profit before finance costs and taxation				**193,944**				170,757
Finance costs				**(8,859)**				(8,799)
Profit on ordinary activities before taxation				**185,085**				161,958
Portfolio Additions and Sales								
Purchases at cost	**340,916**	**9,795**	**–**	**350,711**	452,294	5,571	–	457,865
Disposal proceeds	**411,184**	**16,640**	**–**	**427,824**	433,396	18,698	4,990	457,084
Balance sheet								
Investments held at fair value	**820,116**	**63,535**	**49,097**	**932,748**	696,855	54,547	28,832	780,234

* After deducting the increase in incentive scheme provision of £56,196,000 (2006: £7,590,000), see Notes 18 and 23.
** After deducting the increase in incentive scheme provision of £1,110,000 (2006: £892,000), see Notes 18 and 23.

Financial liabilities are shown in Note 16.

Geographical segments are considered to be the primary reporting segment. The secondary reporting segment is the Group's activity as an investment trust company. This activity is the Group's single business segment.

2 Net Revenue Gain On Investments Held at Fair Value

For the year ended 30 September	£'000	2007 £'000	£'000	2006 £'000
Income of the Investment Trust				
UK Dividend Income from Non-current Assets				
Unlisted – UK	**284**		689	
Partnership interests – UK *	**1,941**		6,608	
		2,225		7,297

2 Net Revenue Gain On Investments Held at Fair Value continued

For the year ended 30 September	£'000	2007 £'000	£'000	2006 £'000
Income of the Investment Trust				
Other Investment Income from Non-current Assets				
Unlisted – UK	**18,119**		22,876	
Unlisted – overseas	**450**		98	
Partnership interests – UK *	**10,409**		2,556	
		28,978		25,530
Net Income of Subsidiary Undertakings				
Other Investment Income from Non-current Assets				
Unlisted – UK	**3,217**		657	
		3,217		657
		34,420		33,484

* This represents the income that has been appropriated in accordance with the limited partnership agreements by the general partners of the limited partnership funds.

3 Other Income

For the year ended 30 September	£'000	2007 £'000	£'000	2006 £'000
Interest and Other Income				
Bank interest income	**1,940**		2,053	
Bank interest receivable – Partnership interests *	**–**		60	
Other income	**297**		298	
Other income – Partnership interests *	**–**		24	
		2,237		2,435
Interest Receivable and Other Income				
Other interest	**157**		2	
		157		2
		2,394		2,437

* This represents the income that has been appropriated in accordance with the limited partnership agreements by the general partners of the limited partnership funds.

4 Expenses

	Year to 30 Sept 2007 £'000	Year to 30 Sept 2006 £'000
Priority profit share paid to General Partners	**12,350**	10,681

4 Expenses continued

For the year ended 30 September	Revenue £'000	2007 Capital £'000	Revenue £'000	2006 Capital £'000
Other expenses				
Administrative expenses	**1,883**	**–**	1,325	–
Other professional fees and expenses	**–**	**–**	1,225	–
Directors' remuneration (see Note 5)	**336**	**–**	303	–
Auditors' remuneration	**483**	**–**	686	–
Capital foreign exchange movements	**–**	**5,538**	–	645
	2,702	**5,538**	3,539	645

The other professional fees and expenses consist of costs incurred during the negotiation of the Manager's contract, the Circular to shareholders in respect of the update of investment strategy, terms of appointment of the Manager and related matters, and the revision of underlying partnership agreements.

It is the Group's practice to employ PricewaterhouseCoopers LLP on assignments additional to their statutory audit duties where their expertise and experience with the Group are important, principally tax advice and compliance matters, or where they are awarded assignments on a competitive basis.

During the year PricewaterhouseCoopers LLP earned the following fees. In addition, an amount of £52,000 (2006: £236,000) was earned by PricewaterhouseCoopers LLP, USA in relation to taxation advisory and compliance services.

	Year to 30 Sept 2007 £'000	Year to 30 Sept 2006 £'000
Audit fees		
Company	**190**	210
Group companies	**42**	77
Limited Partnership Funds	**26**	26
Tax and compliance	**85**	81
	343	394
Advisory services		
Audit related regulatory reporting	**120**	115
Further assurance services	**20**	28
Tax advisory services	**–**	149
Auditors' Remuneration	**483**	686

5 Directors' Remuneration

	Year to 30 Sept 2007 £'000	Year to 30 Sept 2006 £'000
Chairman's remuneration for year	**150**	150
Directors' fees	**186**	153
	336	303
Emoluments		
Chairman and highest paid Director:	**150**	150
	150	150

5 **Directors' Remuneration** continued

See Directors' Remuneration Report on page 28.

No pension contributions were made in respect of any of the Directors and no Director will receive any pension from any company within the Group.

During the year no Director (2006: none) waived remuneration amounting to £nil (2006: £nil).

6 Employees (Excluding Directors)

The Company has no employees (2006: none).

7 Finance Costs

	Year to 30 Sept 2007 £'000	Year to * 30 Sept 2006 £'000
Loans Repayable between One and Three Years		
Interest on Bank loan	**9,530**	7,436
Loan commitment fees	**470**	222
	10,000	7,658
Other interest	**(1,141)**	1,141
	8,859	8,799

* (2006: Loans repayable between one and four years.)

The bank loan is a £250,000,000 committed multi-currency revolving facility that is repayable on 27 September 2010. the facility Agreement states that the Group is liable to pay interest at LIBOR rates plus a margin with rates varying between 0.5% to 0.75% depending on the ratio of portfolio value plus cash to borrowed funds. In addition, mandatory costs in the form of loan commitment fees are due on this facility.

8 Taxation on Ordinary Activities

A tax charge of £10,756,000 arose in the year to 30 September 2007 (2006: £11,494,000). Corporation tax at 30% (2006: 30%).

The actual tax charge reconciles to the tax charge on revenue before tax based on the standard rate of corporation tax of 30% as follows:

For the year ended 30 September		**2007**		2006
	Revenue £'000	**Capital £'000**	Revenue £'000	Capital £'000
(a) UK Corporation Tax				
Current tax	**4,262**	**–**	4,271	495
Adjustment in respect of prior periods	**(646)**	**(4,266)**	15	4,196
Overseas tax adjustments in respect of prior periods	**8**	**(111)**	–	1,218
	3,624	**(4,377)**	4,286	5,909
Deferred tax overseas	**–**	**11,509**	–	1,299
Tax charge	**3,624**	**7,132**	4,286	7,208

8 Taxation on Ordinary Activities continued

(b) Factors affecting the tax charge for the year

	Revenue Year ended 30 Sept 2007 £'000	**Capital Year ended 30 Sept 2007 £'000**	Revenue Year ended 30 Sept 2006 £'000	Capital Year ended 30 Sept 2006 £'000
Profit on ordinary activities before taxation	**12,903**	**172,182**	12,902	149,056
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2006: 30%)	**3,871**	**51,655**	3,871	44,716
Effects of:				
Prior year adjustments	**(646)**	**–**	(15)	–
Overseas prior year adjustments	**8**	**(111)**	–	–
Dividend income	**(85)**	**–**	(207)	–
Disallowable expenses	**79**	**–**	250	–
Priority profit share of partnership income appropriated by General Partners	**–**	**–**	430	(430)
Brought forward losses utilised	**–**	**(181)**	(86)	(1,754)
Current losses utilised	**390**	**(390)**	–	–
Capital allowances	**(2)**	**–**	(2)	–
Unutilised losses arising in the year	**9**	**–**	45	–
Deferred tax overseas	**–**	**11,509**	–	1,299
Overseas tax charge	**–**	**–**	–	1,218
Adjustment of taxes for previous periods	**–**	**(4,266)**	–	4,196
Subsidiary capital gains	**–**	**–**	–	495
Capital profits not chargeable due to Investment Trust status	**–**	**(51,084)**	–	(42,532)
Tax charge	**3,624**	**7,132**	4,286	7,208

9 Dividends

For the year ended 30 September	**2007 £'000**	2006 £'000
Dividends paid in the period	**6,375**	8,592
Dividends paid per share	**17p**	20p

A special dividend of 17p per ordinary share was paid during the year ended 30 September 2007. Based on the outstanding number of ordinary shares at the date of the dividend payment, of 37,502,687, a final payment of £6,375,000 was made. In addition, the Directors are proposing a special dividend in respect of the financial year ended 30 September 2007 of 25p per ordinary share. This will be payable to shareholders who are on the register of members at the record date, which is the basis on which the requirement of Section 842 Income and Corporation Taxes Act 1988 is considered.

10 Revenue Return Attributable to Equity Shareholders

The Revenue Return attributable to shareholders includes a profit of £12,156,000 (2006: profit of £8,396,000) which has been dealt with in the Accounts of the Company.

11 Earnings Per Share

	2007 p	2006 p
Revenue return per ordinary share	**24.60**	20.58
Capital return per ordinary share	**437.49**	338.80
Earnings per ordinary share (basic and diluted)	**462.09**	359.38

The calculation of revenue return per share is based on the revenue profits attributable to shareholders of £9,279,000 (2006: £8,616,000) on a weighted average number of 37,726,906 (2006: 41,867,509) ordinary shares of 25p in issue. The calculation of capital return per share is based on the capital profit attributable to ordinary shareholders of £165,050,000 (2006: £141,848,000) on a weighted average number of 37,726,906 (2006: 41,867,509) ordinary shares of 25p in issue. There were no potentially dilutive shares in either year.

12 Non-Current Assets
Investments held at fair value

	Group		Company	
	30 Sept 2007 £'000	30 Sept 2006 £'000	**30 Sept 2007 £'000**	30 Sept 2006 £'000
Subsidiary Undertakings at Fair Value				
Unlisted – UK and Continental Europe	**–**	–	**1,345**	1,345
Unlisted – USA and Other	**–**	–	**6,634**	6,634
Investment partnerships – UK and Continental Europe	**–**	–	**251,689**	47,228
Investment partnerships – USA and other	**–**	–	**63,258**	41,592
	–	–	**322,926**	96,799

For the year ended 30 September for the Group

			2007			2006
	Valuation £'000	**Accrued Income £'000**	**Total £'000**	Valuation £'000	Accrued Income £'000	Total £'000
Unlisted at Fair Value						
UK and Continental Europe	**358,227**	**12,405**	**370,632**	201,861	5,229	207,090
UK Floating Rate Notes	**297,004**	**2,433**	**299,437**	392,004	2,197	394,201
USA and Other	**86,622**	**802**	**87,424**	43,617	438	44,055
Partnership interests – UK and Continental Europe	**73,360**	**–**	**73,360**	44,884	–	44,884
Partnership interests – USA and Other	**25,208**	**–**	**25,208**	26,815	–	26,815
	840,421	**15,640**	**856,061**	709,181	7,864	717,045
Listed at Fair Value						
UK and Continental Europe	**76,475**	**212**	**76,687**	62,982	207	63,189
	916,896	**15,852**	**932,748**	772,163	8,071	780,234

12 Non-Current Assets continued

For the year ended 30 September for the Company			2007			2006
	Valuation £'000	Accrued Income £'000	Total £'000	Valuation £'000	Accrued Income £'000	Total £'000
Unlisted at Fair Value						
UK and Continental Europe	**21,597**	**572**	**22,169**	138,783	4,775	143,558
UK Floating Rate Notes	**297,004**	**2,433**	**299,437**	392,004	2,197	394,201
USA and Other	**20,177**	**–**	**20,177**	2,025	–	2,025
Partnership interests – UK and Continental Europe	**51,867**	**–**	**51,867**	45,274	–	45,274
Partnership interests – USA and Other	**25,208**	**–**	**25,208**	22,127	–	22,127
	415,853	**3,005**	**418,858**	600,213	6,972	607,185
Listed at Fair Value						
UK and Continental Europe	**34,207**	**44**	**34,251**	19,946	207	20,153
	450,060	**3,049**	**453,109**	620,159	7,179	627,338

Investments Held at Fair Value

For the year ended 30 September 2007			Group			Company
	Valuation £'000	Accrued Income £'000	Total £'000	Valuation £'000	Accrued Income £'000	Total £'000
Valuation at 1 October 2006						
Investments	**772,163**	**–**	**772,163**	**716,958**	**–**	**716,958**
Accrued income at 1 October 2006	**–**	**8,071**	**8,071**	**–**	**7,179**	**7,179**
	772,163	**8,071**	**780,234**	**716,958**	**7,179**	**724,137**
Purchases	**350,711**	**–**	**350,711**	**236,280**	**–**	**236,280**
	1,122,874	**8,071**	**1,130,945**	**953,238**	**7,179**	**960,417**
Accrued income realised	**–**	**2,892**	**2,892**	**–**	**7,179**	**7,179**
Disposals	**256,548**	**–**	**256,548**	**244,530**	**–**	**244,530**
	256,548	**2,892**	**259,440**	**244,530**	**7,179**	**251,709**
Increase in accrued income provision	**–**	**10,673**	**10,673**	**–**	**3,049**	**3,049**
Increase in valuation	**50,570**	**–**	**50,570**	**64,278**	**–**	**64,278**
Valuation at 30 September 2007	**916,896**	**15,852**	**932,748**	**772,986**	**3,049**	**776,035**
Cost at 30 September 2007	**1,007,335**	**–**	**1,007,335**	**845,404**	**–**	**845,404**

13 Trade and Other Receivables – Current

	Group		Company	
	30 Sept 2007 £'000	30 Sept 2006 £'000	**30 Sept 2007 £'000**	30 Sept 2006 £'000
Sales for future settlement	**13,552**	–	**13,552**	–
Taxation recoverable	**1,354**	48	**36**	–
Amounts owed by subsidiary undertakings	**–**	–	**4,129**	4,859
Trade debtors and other debtors	**1,283**	1,433	**1,276**	1,421
	16,189	1,481	**18,993**	6,280

14 Trade and Other Payables – Current

	Group		Company	
	30 Sept 2007 £'000	30 Sept 2006 £'000	**30 Sept 2007 £'000**	30 Sept 2006 £'000
Amounts Falling Due within One Year				
Amounts owed to subsidiary undertakings	**–**	–	**11,599**	123,107
Corporation tax	**1,041**	6,463	**1,041**	6,606
Overseas taxation	**1,603**	1,603	**1,603**	1,603
Trade creditors and other creditors	**16,940**	7,525	**13,718**	5,109
	19,584	15,591	**27,961**	136,425

15 Creditors

	Group		Company	
	30 Sept 2007 £'000	30 Sept 2006 £'000	**30 Sept 2007 £'000**	30 Sept 2006 £'000
Bank loan				
Due between one to three years (2006: one to four years)	**160,699**	165,823	**–**	–

A variable rate of interest is charged on the bank loan. The bank loan relates to a £250,000,000 committed multi-currency revolving credit facility. The loan is repayable on 27 September 2010. Under the Facility Agreement the Group is liable to pay interest at LIBOR rates plus mandatory costs plus a margin with variable rates determined by the ratio of portfolio value plus cash to total borrowed funds, the range of the variable margin rates is between 0.5% and 0.75%. The weighted average effective interest rate for the year was 5.47% (2006: 4.58%).

16 Financial Instruments

(i) Management of Risk

As an investment trust, the Group's investment objective is to seek capital growth from a portfolio of securities drawn from markets both within the UK and worldwide. The holding of these financial instruments to meet this objective results in certain risks.

The Group's financial instruments comprise:

1. Securities in unquoted and quoted companies, and partnership interests.
2. A loan facility, the purpose of which is to finance tender offers, other share buy-backs and on-market purchases of shares, the financing of new investment and refinancing existing debt.

The main risks arising from the Group's financial instruments are fluctuations in market price, interest rate and foreign currency exchange rate risk. The policies for managing each of these risks are summarised below. These policies have remained constant throughout the year under review and the preceding year.

16 Financial Instruments continued

Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding market positions in the face of price movements, mitigated by stock selection. The Group does not use derivatives.

Electra Partners has responsibility for monitoring the portfolio in accordance with the Group's investment objectives and seeks to ensure that individual stocks meet an acceptable risk reward profile.

Interest Rate Risk

The Group finances its operations through retained profits including both realised and unrealised capital profits. In addition, financing is obtained through loan facilities. During the year, a long-term multi-currency loan facility was in existence. The loan has a floating rate of interest.

The cash balances held on deposit mitigate in part the interest rate risk.

Interest rate risk profiles for financial assets and liabilities are shown in part (iii) of this Note. These profiles exclude short term debtors and creditors.

Liquidity Risk

The Group's assets comprise listed and unlisted equity and non-equity shares and fixed income securities. Short-term flexibility is achieved through the revolving loan facility.

The maturity of the Group's existing borrowings are set out in part (iv) of this Note.

Foreign Currency Risk

The Group's total return and net assets are affected by foreign exchange translation movements as a significant proportion of the investments held are denominated in currencies other than sterling.

Revenue received in currencies other than sterling is converted into sterling at the date of the transaction. Foreign currency assets and liabilities are translated at the year-end rate. The treatment of foreign currency transactions has been described in greater detail in the basis of accounting note commencing on page 43.

The foreign investments held are principally in the USA, Continental Europe, Latin America and the Far East.

During the year, the Group held loans denominated in US Dollars and Euros, which partially offset foreign currency risk on foreign currency investments.

Foreign currency exposures are analysed in part (ii) of this Note.

(ii) Foreign Currency Exposures

A portion of the financial assets and liabilities of the Group are denominated in currencies other than sterling, which has an impact on the net assets and return of the Group as at 30 September 2007.

Currency	Foreign currency monetary assets		Foreign currency monetary liabilities		Net foreign currency monetary assets/ (liabilities)	
As at 30 September	**2007 £'000**	2006 £'000	**2007 £'000**	2006 £'000	**2007 £'000**	2006 £'000
US Dollar	**216,022**	135,572	**(115,466)**	(106,872)	**100,556**	28,700
Euro	**101,011**	74,947	**(45,233)**	(43,951)	**55,778**	30,996
Total	**317,033**	210,519	**(160,699)**	(150,823)	**156,334**	59,696

16 Financial Instruments continued

(iii) Interest Rate Risk Profile of Financial Assets and Liabilities

Financial Assets

The financial instruments held by the Group include equity and non-equity shares as well as fixed interest securities. The type of income generated from these financial instruments is shown as at 30 September 2007.

Currency As at 30 September 2007	Total £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets on which no interest is earned £'000
Sterling	**632,663**	**322,080**	**201,888**	**108,695**
US Dollar	**216,022**	**21,703**	**34,554**	**159,765**
Euro	**101,011**	**23**	**–**	**100,988**
Total	**949,696**	**343,806**	**236,442**	**369,448**

Interest on floating rate financial assets is at prevailing market rates.

Currency As at 30 September 2006	Total £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets on which no interest is earned £'000
Sterling	579,590	413,619	72,785	93,186
US Dollar	135,572	3,579	13,695	118,298
Euro	74,947	597	–	74,350
Total	790,109	417,795	86,480	285,834

Currency	Fixed rate financial assets weighted average interest rate		Fixed rate financial assets on which no interest is paid weighted average period until maturity	
As at 30 September	**2007** **%**	2006 %	**2007** **years**	2006 years
Sterling	**12.9**	11.9	**–**	–
US Dollar	**12.9**	13.9	**2**	3
Euro	**11.9**	–	**–**	–

The equity shares held have no interest payable and do not have a stated maturity date.

Financial Liabilities

The interest rate profile of the financial liabilities:

Currency	Floating rate financial liabilities	
As at 30 September	**2007** **£'000**	2006 £'000
US Dollar	**115,466**	106,872
Euro	**45,233**	43,951
Sterling	**–**	15,000
Total loan	**160,699**	165,823
Total loan facility	**250,000**	250,000

The floating rate financial liabilities comprise a £250,000,000 committed multi-currency revolving credit facility, based on a rate per annum, the aggregate of margin, LIBOR and mandatory cost. The margin is a variable rate determined by the ratio of portfolio value plus cash to borrowed funds, the range of the variable margin rate is between 0.5% and 0.75%. For the year ended 30 September 2007 the margin rate was 0.5% (2006: 0.75% to December 2005, then 0.5% to 30 September 2006). The Group has not held fixed rate interest bearing financial liabilities, or financial liabilities on which no interest is paid. The weighted average effective interest rate for the year was 5.47% (2006: 4.58%).

16 Financial Instruments continued

(iv) Maturity of Financial Liabilities

The maturity profile of the Group's financial liabilities as at 30 September 2007 was:

As at 30 September	2007 £'000	2006 £'000
Between one and three years (2006: one and four years)	**160,699**	165,823

The financial liability relates to a bank loan of £250,000,000 committed multi-currency revolving credit facility. The facility is repayable on 27 September 2010.

(v) Fair Values of Financial Assets and Liabilities

All the financial assets of the Group are held at fair value.

As at 30 September	Fair Value 2007 £'000	Fair Value 2006 £'000
Primary Financial Assets Held		
Equity shares	**367,903**	282,531
Non-equity shares	**17,289**	13,786
Fixed interest securities	**220,402**	72,694
Floating rate securities	**327,154**	411,223
Cash at bank and in hand	**16,948**	9,875
Primary Financial Liabilities held to Finance the Group's Operations		
Bank loans	**160,699**	165,823

The unlisted financial assets held at fair value, in accordance with the Principles of Valuation of Unlisted Equity Investments are detailed within the Basis of Accounting.

17 Share Capital

	30 Sept 2007 £'000	30 Sept 2006 £'000
Allotted, called-up and fully paid 37,252,687 (2006: 38,722,687) ordinary shares of 25p each	**9,313**	9,681
Unissued 162,747,313 (2006: 161,277,313) ordinary shares of 25p each	**40,687**	40,319
Authorised 200,000,000 ordinary shares of 25p each	**50,000**	50,000

During the year ended 30 September 2007, the Company purchased from shareholders 1,470,000 ordinary shares of 25p at prices between £14.66 and £17.00 per share. The cost of acquiring 1,470,000 ordinary shares of 25p including expenses of £155,000 amounted to £22,304,000.

18 Capital and Reserves

For the year ended 30 September 2007 for the Group

	Called-up share capital £'000	Share premium £'000	* Capital redemption reserve £'000	[1] Translation reserve £'000	[2] Realised capital profits/ (losses) £'000	[3] Unrealised capital (losses)/ profits £'000	[4] Revenue reserve £'000	Total Shareholders' funds £'000
Opening balance at 1 October 2006	9,681	24,147	33,594	(967)	645,621	(136,980)	23,196	598,292
Net revenue transferred to reserves	–	–	–	–	–	–	9,279	9,279
Dividend payment	–	–	–	–	–	–	(6,375)	(6,375)
Net profits on realisation of investments during the year	–	–	–	–	173,745	–	–	173,745
Increase in value of non-current investments	–	–	–	–	–	53,644	–	53,644
Increase in incentive provisions	–	–	–	–	–	(57,306)	–	(57,306)
Gains and losses on foreign currencies	–	–	–	1,564	(6,153)	8,252	–	3,663
Unrealised net appreciation at 1 October 2006 on investments sold during the year	–	–	–	–	9,183	(9,183)	–	–
Repurchase of own shares	(368)	–	368	–	(22,304)	–	–	(22,304)
Tax liabilities on capital	–	–	–	–	(7,132)	–	–	(7,132)
At 30 September 2007	**9,313**	**24,147**	**33,962**	**597**	**792,960**	**(141,573)**	**26,100**	**745,506**

For the year ended 30 September 2006 for the Group

	Called-up share capital £'000	Share premium £'000	* Capital redemption reserve £'000	[1] Translation reserve £'000	[2] Realised capital profits/ (losses) £'000	[3] Unrealised capital (losses)/ profits £'000	[4] Revenue reserve £'000	Total Shareholders' funds £'000
At 1 October 2005 **	10,877	24,147	32,398	478	584,240	(154,430)	23,173	520,883
Adoption of IAS 39	–	–	–	–	–	1,239	–	1,239
Opening balance at 1 October 2005	10,877	24,147	32,398	478	584,240	(153,191)	23,173	522,122
Net revenue transferred to reserves	–	–	–	–	–	–	8,616	8,616
Dividend payment	–	–	–	–	–	–	(8,593)	(8,593)
Net profits on realisation of investments during the year	–	–	–	–	121,777	–	–	121,777
Increase in value of non-current investments	–	–	–	–	–	30,284	–	30,284
Increase in incentive provisions	–	–	–	–	–	(8,482)	–	(8,482)
Gains and losses on foreign currencies	–	–	–	(1,445)	(947)	6,425	–	4,033
Unrealised net appreciation at 1 October 2005 on investments sold during the year	–	–	–	–	12,016	(12,016)	–	–
Repurchase of own shares	(1,196)	–	1,196	–	(64,257)	–	–	(64,257)
Tax liabilities on capital	–	–	–	–	(7,208)	–	–	(7,208)
At 30 September 2006	9,681	24,147	33,594	(967)	645,621	(136,980)	23,196	598,292

* The capital redemption reserve is established by the Group on the redemption or repurchase of its own shares.

** As restated for the adoption of IFRS.

1 The translation reserve consists of foreign exchange differences arising on retranslation of the equity and reserves of subsidiaries with functional currencies other than sterling.

2 The realised capital reserve recognises all realised profits that are capital in nature or have been allocated to capital.

3 The unrealised capital reserve recognises all unrealised profits that are capital in nature or have been allocated to capital.

4 The revenue reserve shows all profits that are revenue in nature or have been allocated to revenue.

18 Capital and Reserves continued

For the year ended 30 September 2007 for the Company

	Called-up share capital £'000	Share premium £'000	* Capital redemption reserve £'000	[1] Realised capital profits/(losses) £'000	[2] Unrealised capital (losses)/profits £'000	[3] Revenue reserve £'000	Total Shareholders' funds £'000
Opening balance at 1 October 2006	9,681	24,147	33,594	657,968	(141,960)	8,934	592,364
Net revenue transferred to reserves	–	–	–	–	–	12,156	12,156
Dividend payment	–	–	–	–	–	(6,375)	(6,375)
Net profits transferred to reserves during the year	–	–	–	169,407	–	–	169,407
Increase in value of non-current investments	–	–	–	–	57,176	–	57,176
Increase in incentive provisions	–	–	–	–	(57,306)	–	(57,306)
Gains and losses on foreign currencies	–	–	–	(1,676)	8,252	–	6,576
Unrealised net appreciation at 1 October 2006 on investments sold during the year	–	–	–	9,183	(9,183)	–	–
Repurchase of own shares	(368)	–	368	(22,304)	–	–	(22,304)
Tax liabilities on capital	–	–	–	(7,375)	–	–	(7,375)
At 30 September 2007	**9,313**	**24,147**	**33,962**	**805,203**	**(143,021)**	**14,715**	**744,319**

For the year ended 30 September 2006 for the Company

	Called-up share capital £'000	Share premium £'000	* Capital redemption reserve £'000	[1] Realised capital profits/(losses) £'000	[2] Unrealised capital (losses)/profits £'000	[3] Revenue reserve £'000	Total Shareholders' funds £'000
At 1 October 2005 **	10,877	24,147	32,398	600,274	(180,066)	9,130	496,760
Adoption of IAS 39	–	–	–	–	1,239	–	1,239
Opening balance at 1 October 2005	10,877	24,147	32,398	600,274	(178,827)	9,130	497,999
Dividend payment	–	–	–	–	–	(8,592)	(8,592)
Net profits transferred to reserves during the year	–	–	–	104,426	54,392	8,396	167,214
Unrealised net appreciation at 1 October 2005 on investments sold during the year	–	–	–	17,525	(17,525)	–	–
Repurchase of own shares	(1,196)	–	1,196	(64,257)	–	–	(64,257)
At 30 September 2006	9,681	24,147	33,594	657,968	(141,960)	8,934	592,364

* The capital redemption reserve is established by the Group on the redemption or repurchase of its own shares.

** As restated for the adoption of IFRS.

[1] The realised capital reserve recognises all realised profits that are capital in nature or have been allocated to capital.

[2] The unrealised capital reserve recognises all unrealised profits that are capital in nature or have been allocated to capital.

[3] The revenue reserve shows all profits that are revenue in nature or have been allocated to revenue.

19 Contingent Liabilities and Commitments

The Company has undertaken to invest up to a further US$11,506,000 (2006: US$15,358,539) in various syndicates of investors in the USA and elsewhere.

The Company has undertaken to make further investments through various limited partnership funds in the UK and Continental Europe amounting to £123,345,000 (2006: £55,704,000).

At 30 September 2007 the Company had uncalled commitments of £2,259,000 to a limited partnership fund advised by Electra Partners (2006: £2,142,000).

As a limited partner in a number of limited partnership funds, the Company has entered into agreements with Electra Partners for the management of the Company's portfolio of investments. In consideration for this the limited partnership funds pay a priority profit share to the general partners. The management agreements are rolling contracts which now allow for termination by either party as set out in the section entitled 'Management Arrangements' on page 20.

20 Particulars of Holdings

Principal Subsidiary Undertakings

All companies are incorporated in Great Britain and registered in England and Wales unless otherwise stated. All companies operate in their country of incorporation. The results of these companies are included in the consolidated financial statements of the Group.

Principal Subsidiary Undertakings

The results and balances of the following significant subsidiaries are included in the consolidated financial statements of the Group.

Albion (Electra) Limited (trading partnership member)

4,995 ordinary shares of US$1.00 (par value). Paid-in capital US$11,565,002.
Incorporated in the Commonwealth of the Bahamas.
The subsidiary is wholly owned and held directly by the Company

Electra Investments Limited (Investment Holding Company)

87,000 ordinary shares of £10 (par value). Paid-in capital £1,027,389. Incorporated in England and Wales.
The subsidiary is wholly owned and held directly by the Company.

Kingsway Equity Partners LP

Capital contributions of £10,705,000. Incorporated in Scotland.
The subsidiary is 99% owned and held directly by the Company.

Electra Private Equity Partners 1995 LP

Capital contributions of £9,500. Incorporated in England and Wales.
The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

Electra Quoted Partners 1995 LP

Capital contributions of £120,277,699. Incorporated in England and Wales.
The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

EF Private Equity Partners (Americas) LP

Capital contributions of $2,500. Incorporated in England and Wales.
The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

Electra Far East LP

Capital contributions of $5,640. Incorporated in England and Wales.
The subsidiary is 99% owned and held through Kingsway Equity Partners LP.

20 Particulars of Holdings continued

Principal Subsidiary Undertakings

The results and balances of the following significant subsidiaries are included in the consolidated financial statements of the Group.

Electra Private Equity Partners (Scotland) LP
Capital contributions of £17,500,000. Incorporated in Scotland.
The subsidiary is 99% owned and held through Kingsway Equity Partners.

Electra Private Equity Partners 2001 - 2006 Scottish LP
Capital contributions of £20. Incorporated in Scotland.
The subsidiary is 99% owned and held through Kingsway Equity Partners.

Electra Private Equity Partners 2006 Scottish LP
Capital contributions of £20. Incorporated in Scotland.
The subsidiary is 99% owned and held through Kingsway Equity Partners.

Other Companies Held as Investments at Fair Value

All companies are incorporated in Great Britain and registered in England and Wales unless otherwise stated. All companies operate in their country of incorporation.

Significant Interests in Investee Undertakings

The investee fair value of the undertakings shown below each represent by value more than 1% of the non-current asset investments of the Group:

	Carrying value at 30 Sept 2006 £'000	**Carrying value at 30 Sept 2007 £'000**	**Cost 30 Sept 2007 £'000**
Abbey National	44,996	**44,996**	**44,996**
Accrued income	3	**377**	
Floating rate notes 100.0%			
Allflex Holdings III	–	**41,190**	**41,190**
Class 'A' common stock 1.9%			
Class 'G' common stock 100.0%			
A Warrants 98.8%			
Loan notes 100.0%			
Amtico Holdings	22,500	**20,507**	**22,500**
Accrued income	243	**–**	
Ordinary shares 18.4%			
Mezzanine loan 100.0%			
Unsecured deep discount bond 24.5%			
Bank of Ireland	35,005	**35,005**	**35,005**
Accrued income	205	**259**	
Floating rate notes 100.0%			
Bank of Scotland	–	**30,000**	**30,000**
Accrued income	–	**10**	
Floating rate notes 100.0%			

20 Particulars of Holdings continued

Other Companies Held as Investments at Fair Value continued

Significant Interests in Investee Undertakings

The investee undertakings shown below each represent by value more than 1% of the non-current asset investments of the Group:

	Carrying value at 30 Sept 2006 £'000	**Carrying value at 30 Sept 2007 £'000**	**Cost 30 Sept 2007 £'000**
Barclays Bank	52,000	**52,000**	**52,000**
Accrued income	103	**218**	
Floating rate notes 100.0%			
Baxi Holdings	19,192	**15,332**	**14,908**
Accrued income	4,673	**6,926**	
Ordinary shares 9.9%			
Unsecured deep discount bond 9.9%			
Bizspace Unit Trust	13,705	**12,650**	**13,705**
Capital units 93.2%			
Income units 93.2%			
BNP Paribas	55,000	**55,000**	**55,000**
Accrued income	340	**798**	
Floating rate notes 100.0%			
Candover Investments	17,290	**19,836**	**3,751**
Accrued income	171	**211**	
Ordinary shares 3.4%			
Capital Safety Group II	24,144	**9,900**	**10,248**
Accrued income	–	**112**	
Loan notes 36.7%			
Capital Safety Group III	–	**17,763**	**17,763**
A PECs 13.5%			
A Ordinary shares 12.1%			
E1 Ordinary shares 12.1%			
F1 Ordinary shares 12.1%			
G1 Ordinary shares 12.1%			
H1 Ordinary shares 12.1%			
Mezzanine loan 16.7%			
Dakota, Minnesota and Eastern Railroad (USA)	2,534	**35,205**	**1,629**
Common stock 6.5%			
Warrants 6.5%			
Series A preferred stock 21.0%			
Series B preferred stock 30.9%			
Dinamia (Spain)	20,339	**19,947**	**11,274**
Ordinary shares 10.4%			
Freightliner Group	20,120	**10,479**	**1,622**
Accrued income	102	**–**	
'A' ordinary shares 37.9%			
GE Capital	10,009	**10,009**	**10,009**
Accrued income	115	**147**	
Floating rate notes 100.0%			

20 Particulars of Holdings continued

Other Companies Held as Investments at Fair Value continued

Significant Interests in Investee Undertakings

The investee undertakings shown below each represent by value more than 1% of the non-current asset investments of the Group:

	Carrying value at 30 Sept 2006 £'000	**Carrying value at 30 Sept 2007 £'000**	**Cost 30 Sept 2007 £'000**
HBOS	40,000	**15,000**	**15,000**
Accrued income	345	**83**	
Floating rate notes 100.0%			
Kingfield Heath	–	**62,532**	**62,532**
A Ordinary shares 21.7%			
B Ordinary shares 100.0%			
Warrants 100.0%			
Shareholder loan notes 89.8%			
Lil-lets Group	–	**26,036**	**26,036**
Accrued income	–	**3,168**	
Ordinary shares 44.6%			
'B' Ordinary shares 100.0%			
Warrants 44.7%			
Unsecured loan notes 96.3%			
Lloyds Bank	30,000	**15,000**	**15,000**
Accrued income	171	**225**	
Floating rate notes 100.0%			
Locatel	–	**10,358**	**9,860**
Accrued income		**662**	
Mezzanine loan 100.0%			
Moser Baer (India)	15,190	**28,000**	**1,900**
Ordinary shares 6.0%			
Nationwide Building Society	25,000	**25,000**	**25,000**
Accrued income	198	**247**	
Floating rate notes 100.0%			
Nuaire	–	**33,770**	**33,770**
Ordinary shares 100.0%			
'A' Ordinary shares 100.0%			
Warrants 100.0%			
Series 'A' loan notes 100.0%			
PINE Unit Trust	5,430	**12,210**	**12,210**
Income units 98.4%			
Capital units 98.4%			
Premier Asset Management	–	**33,108**	**32,973**
Accrued income		**293**	
Ordinary shares 37.1%			
Preference shares 37.1%			
Junior debt facility 100.0%			

20 Particulars of Holdings continued

Other Companies Held as Investments at Fair Value continued

Significant Interests in Investee Undertakings

The investee undertakings shown below each represent by value more than 1% of the non-current asset investments of the Group:

	Carrying value at 30 Sept 2006 £'000	**Carrying value at 30 Sept 2007 £'000**	**Cost 30 Sept 2007 £'000**
Republic of Italy	14,994	**14,994**	**14,994**
Accrued income	50	**69**	
Floating rate notes 100.0%			
Vent-Axia	16,000	**16,000**	**16,000**
Accrued income	243	**825**	
Mezzanine loan 45.7%			
Senior loan 47.1%			
Zensar Technologies (India)	11,099	**10,662**	**4,211**
Ordinary shares 22.1%			

21 Related Party Transactions

The Company operates carried interest and co-investment schemes for certain members (the "participants") of Electra Partners. Under these schemes the participants invest in every new investment made by the Company up to 31 March 2006. In return the participants receive a percentage of the total capital and revenue profits made on each investment. The participants do not receive any profits until the Company has received back its initial investment. During the year ended 30 September 2007 the participants received £1,170,000 (2006: £13,691,000) and are entitled to receive £28,244,000 (2006: £1,869,000) under these schemes and had unrealised gains of £13,562,000 (2006: £9,842,000). The participants are entitled to a percentage of the incremental value of unlisted investments held at 31 March 1995, subject to the Company having received in total proceeds equal to the valuation of those investments as at 31 March 1995 and a preferred return. During the year ended 30 September 2007 the participants received £nil (2006: £nil) under the scheme and had unrealised gains of £992,000 (2006: £743,000).

Following approval at the Extraordinary General Meeting held on 12 October 2006 the participants entered two new schemes. The participants are entitled to receive a percentage of the incremental value of certain investments held at 31 March 2006 following the Company receiving total proceeds equal to the operating value and a preferred return, after deduction of related priority profit share. During the year ended 30 September 2007 the participants received £11,135,000 (2006: £nil) and had unrealised gains of £12,842,000 (2006: £nil) under this scheme. The second scheme entered into under the new arrangements requires the participants to invest in every new investment made by the Company since 1 April 2006. On a pooled basis participants receive a percentage of the total capital and revenue profits once the Company had received back its initial investment, a preferred return and a related priority profit share. During the year ended 30 September 2007 the participants received £nil (2006: £nil) and had unrealised gains of £nil (2006: £nil).

As detailed in Note 23, Members of Electra Partners, the Manager, are entitled to incentives based on the performance of investments in Electra. Under the arrangements relating to the management of the listed portfolio, certain executives of Electra Partners will receive bonuses over a one year period if the listed portfolio outperforms a composite index.

No Directors of Electra participate in the above schemes.

In June 2001, Shareholders approved a transaction between Electra and Electra Partners Group Limited where by a £7 million Fixed Rate Unsecured Loan Note ("Loan Note") was issued by Kingsway Holdings Jersey Limited (and guaranteed by Electra Partners Group Limited) to Electra. The Loan Note does not bear interest and is redeemed over time from the annual priority profit share (in excess of £9 million) paid by Electra to Electra Partners Group Limited.

Since June 2001, Electra Partners Group Limited has made £0.6 million in repayments in accordance with the terms of the Loan Note. Given the uncertainty around the quantum and timing of future repayments, the Board had made a series of provisions in Electra's accounts such that by 31 March 2006 the carrying value of the Loan Note had been reduced to zero.

Under the new management agreement, Electra has agreed to cancel the Loan Note in consideration for reducing the amount of priority profit share payable to Electra Partners (the 'PPS Reduction') by an amount equal to the amount that would have been payable under the Loan Note to Electra on an annual basis. In addition, Electra has also agreed to grant to Electra Partners an option exercisable at any time after the Effective Date to cancel all future PPS Reductions by paying Electra the equivalent of the net present value of the remaining expected PPS Reductions. This value will be approved by a qualified independent third party.

During the year the option was exercised and an amount of £1.1 million will be payable over the period to October 2009. The amount was approved by a qualified independent third party.

Net sales of investments from Electra Investments Limited to Electra amounted to £nil for the year ended 30 September 2007 (2006: £743,000). Net loans advanced by Electra to Electra Investments Limited were £124,941,000 (2006: loans advanced by Electra Investments Limited to Electra of £13,912,000). Interest of £5,054,000 (2006: £7,108,000) was paid on the outstanding balance.

Net loans for working capital and/or to clear intercompany balances were made to Albion (Electra) for £746,000 (2006: £6,000) to Electra Property, Inc for £160,000 (2006: £23,000), from Electra Holdings, Inc for £1,279,000(2006: to Electra Holdings, Inc for £2,762,000), to Electra Oil & Gas, Inc for £390,000 (2006: to Electra Oil & Gas, Inc for £18,000), from EUK Limited for £1,466,000 (2006: to EUK Limited for £735,000) and to Electra Associates, Inc £53,000 (2006: from Electra Associates, Inc for £2,431,000).

22 Deferred Tax

	Group		Company	
	30 Sept 2007 £'000	30 Sept 2006 £'000	**30 Sept 2007 £'000**	30 Sept 2006 £'000
Deferred tax overseas	**12,701**	1,299	**11,751**	–

The deferred tax position relates to overseas tax provided on unrealised gains on investment.

23 Provision for Liabilities and Charges

		Group		Company
	£'000	**30 Sept 2007 £'000**	**£'000**	**30 Sept 2007 £'000**
Incentive scheme provision				
At 1 October 2006	**10,585**		**10,585**	
Amounts paid and payable under incentive schemes	**(40,496)**		**(40,496)**	
		(29,911)		**(29,911)**
Incentive scheme provision				
Increase in incentive scheme provision		**57,306**		**57,306**
At 30 September 2007		**27,395**		**27,395**

Current and former executives of Electra Partners, the Investment Manager, are entitled to incentives based on the performance of investments in Electra. Under the current contractual terms of the Realisation Incentive Schemes, executives receive the value of any amounts that were due at 30 September 2000 and 8% on uplifts in value from that date, on a pooled basis, 10% on uplifts from 31 March 2006 valuations after a 15% preferred return and on deals invested at cost on 31 March 2006, 18% on a 3 year pooled basis on uplifts after an 8% preferred return.

iPEIT – Initiative for Private Equity Investment Trusts

Increasing awareness and understanding of PEITs through research and information

Electra is a founder member of iPEIT, a group of listed Private Equity Investment Trusts ("PEITs"), formed to raise awareness and increase understanding of what PEITs are and how PEITs enable all investors – not just institutions – to invest in private equity.

iPEIT provides information on PEITs and private equity in general, undertakes and publishes research on the PEIT sector and works to improve levels of knowledge about PEITs among investors and their advisers.

For further information visit www.ipeit.com.

Board of Directors

Sir Brian Williamson CBE
Chairman
Sir Brian is a non-executive Director of HSBC Holdings, NYSE Euronext, Resolution and of Climate Exchange. He is a Senior Adviser to Fleming Family & Partners. Former Chairman of The London International Financial Futures and Options Exchange, Gerrard Group, Resolution Life Group and a former non-executive Director of the Financial Services Authority and of the Court of the Bank of Ireland.

Sir Brian was appointed a Director in 1994.

Ronald Armstrong
Most of his career has been spent in companies in which the application of technology is critical to success and he has considerable experience of this process across a wide range of industries and countries.

He is a Founder Director of E-Synergy, which specialises in venture funding for early-stage technology companies. He is Chairman of Offshield and a director of other private companies. Previously he was CEO of Pera Group and a Director of JPMorgan Fleming Worldwide Income Investment Trust and several other quoted Fleming investment trusts between 1991 and 2005.

Ron Armstrong was appointed a Director in 1994.

Professor Sir George Bain
A former President and Vice-Chancellor of The Queen's University of Belfast, he has also held senior academic posts at the London Business School and the University of Warwick. He has also been Chairman of the Low Pay Commission and is on the Boards of Bombardier Aerospace Short Brothers and the Canada Life Group (UK).

Professor Sir George Bain was appointed a Director in 1998 and will retire at the Annual General Meeting in 2008.

Colette Bowe *
An economist by profession, she has worked in Whitehall, City regulation and the fund management industry. She is currently a Director of Morgan Stanley Bank International, of Axa Framlington and Goldfish Bank. In the public sector, she is the Chairman of the Ofcom Consumer Panel and a member of the Statistics Commission. She is also the Chairman of the Council of Queen Mary, University of London.

Colette Bowe was appointed a Director in 2007.

Lord King of Bridgwater
A Member of Parliament from 1970 until 2001, he held a variety of senior Cabinet posts and was Secretary of State for Defence from 1989 to 1992. He has been a member of the Nolan Committee and Chairman of the Intelligence and Security Committee.

Before entering Parliament he was a senior manager in DRG, the printing and packaging group, and subsequently Chairman of Sale Tilney. He is currently non-executive Chairman of London International Exhibition Centre (Holdings).

Lord King was appointed a Director in 1992 and will retire at the Annual General Meeting in 2008.

Michael Walton *
He was previously on the Board of the Company from 1981 to 1986. He was Managing Director of Gartmore Private Capital until 1996 and was subsequently a Director of Bridgepoint Capital. He has served on the Council of the British Venture Capital Association.

Michael Walton was appointed a Director in 2000.

Lucinda Webber *
Has over 20 years experience in the private equity industry having joined Barclays Private Equity ("BPE") from Barclays Merchant Bank in 1984. She became a Director of BPE and also of Barclays Capital Dévéloppement S.A. ("BCD") in 1990. In 1997 she moved to working part-time as a Director for BPE and BCD and since 1999 she has worked as a consultant in private equity, remaining on the Barclays Ventures Investment and Valuation Committees.

Lucinda Webber was appointed a Director in 2007.

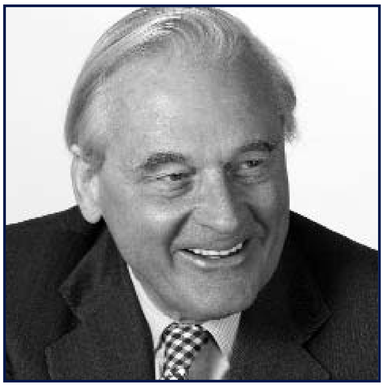
Peter Williams
He is Chairman of RPC Group, one of Europe's largest producers of plastic packaging and of Very Mobile Group, a company investing in early stage businesses, primarlly those providing services in the mobile telecommunications industry.

He is a Director of Xenos Group, a software company listed on the Toronto Stock Exchange and several private companies. He was formerly a Director of Reed International and Chief Executive of David S. Smith Holdings.

Peter Williams was appointed a Director in 1994.

* Member of the Valuation Committee.

All Directors are members of the Nomination Committee. All Directors, other than the Chairman, are members of the Remuneration and Audit Committees.








Left to right

Sir Brian Williamson CBE
Ronald Armstrong
Professor Sir George Bain
Colette Bowe
Lord King of Bridgwater
Michael Walton
Lucinda Webber
Peter Williams

Information for Shareholders

Financial Calendar

Annual General Meeting	February 2008
Interim Management Statements	February 2008
Half-year Results announced	May 2008

Share Dealing Service

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. At the time of printing, online dealing commission is 0.5%, with a minimum charge of £15. Telephone dealing commission is 1% on the first £50,000 and 0.2% thereafter with a minimum charge of £25. Any purchase of shares is subject to Stamp Duty Reserve Tax (SDRT) at the prevailing rate.

To deal, simply log onto www.shareview.co.uk/dealing or call 0870 850 0852 between 8.00am and 4.30pm, Monday to Friday.

The service is only available to shareholders of Electra with a UK registered address who are aged 18 and over.

Shareview Dealing is provided by Lloyds TSB Bank plc. Lloyds TSB Bank plc is authorised and regulated by the Financial Services Authority and is a signatory to the Banking Codes.

This 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.

Ten Year Record

Ten Year Record of Net Assets, Share Price and Earnings

As at 30 September	Net Assets £'000	[1] Fully adjusted Net Asset Value per Share p	Basic Earnings per Share p	Dividends Paid per Share p	[2] Share Price as at 5 April per Share p	[2] Share Price as at 30 September per Share p
1998	1,145,319	676.15	15.88	11.18	605.5	512.0
1999	[3] 987,460	950.77	(3.88)	–	715.0	836.0
2000	[4] 874,042	1,084.96	(19.12)	–	1,022.5	1034.0
2001	[5] 541,110	829.52	(22.94)	–	908.5	651.0
2002	498,330	763.94	(8.95)	–	637.0	462.5
2003	495,498	759.60	(2.55)	–	522.0	633.5
2004	[6] 426,723	912.86	5.70	–	747.5	793.5
2005	[7] 520,883	1,197.22	64.09	–	931.0	1,113.0
2006	[8] 598,292	1,545.07	20.58	[9] 20.00	1,326.0	1,371.0
2007	[10] 736,193	2,001.21	24.60	[11] 17.00	1,605.0	1,680.0

Notes

The net asset value per share for the years 1997 to 2004 above are as previously reported under UK GAAP. 2005 and 2006 have been prepared on an IFRS basis as explained in the Basis of Accounting.

1 As at 30 September 1998 the net asset value per share has been adjusted to reflect the inclusion of the management company valued at 14.50p per share.
2 Middle market price at close of business on 5 April or 30 September or, if appropriate, previous business day in each case.
3 During the year ended 30 September 1999 £544,222,000 was repaid to shareholders via a tender offer.
4 During the year ended 30 September 2000 £250,000,000 was repaid to shareholders via a tender offer.
5 During the year ended 30 September 2001 £150,000,000 was repaid to shareholders via a tender offer and 100,000 shares were repurchased for cancellation (cost : £907,000).
6 During the year ended 30 September 2004 £100,000,000 was repaid to shareholders via a tender offer and 6,232,000 shares were repurchased for cancellation (cost: £48,082,000).
7 During the year ended 30 September 2005 3,238,000 shares were repurchased for cancellation (cost: £29,677,000).
8 During the year ended 30 September 2006 4,785,000 shares were repurchased for cancellation (cost: £64,257,000).
9 Includes special dividend of 20.00p per share paid in March 2006.
10 During the year ended 30 September 2007 1,470,000 shares were repurchased for cancellation (cost: £22,304,000).
11 Includes special dividend of 17.00p per share paid in March 2007.

Notice of Annual General Meeting

Notice is hereby given that the seventy-third Annual General Meeting of Electra Private Equity PLC will be held at 12.00 noon on Wednesday 6 February 2008 in The Great Hall at The Barber-Surgeons' Hall, Monkwell Square (off Wood Street), London EC2Y 5BL for the following purposes:

Ordinary Business

1. To receive and adopt the reports of the Directors and Auditors and the Group Accounts for the year ended 30 September 2007.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2007 which is set out in the Annual Report and Accounts of the Company for the year ended 30 September 2007.
3. To declare a special dividend for the year ended 30 September 2007 which the Directors recommend should be at the rate of 25p per ordinary share.
4. To re-elect Mr RA Armstrong as a Director of the Company.
5. To elect Ms C Bowe as a Director of the Company.
6. To elect Ms L Webber as a Director of the Company.
7. To re-elect Mr JP Williams as a Director of the Company.
8. To re-elect Sir Brian Williamson as a Director of the Company.
9. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
10. To authorise the Directors to fix the remuneration of the Auditors.

Special Business

As Special Business, to consider and, if thought fit, to pass the following Resolutions, Resolution 11 as an Ordinary Resolution and Resolutions 12, 13 and 14 as Special Resolutions:

11. Ordinary resolution for the approval of an increase to the limit on ordinary remuneration of Directors.

    That for the purposes of Article 74(A) of the Company's Articles of Association the maximum aggregate amount of remuneration payable to the Directors, to be divided among the Directors as they may agree, shall be £450,000 per annum.

12. Special resolution for the approval of electronic and website communications and related amendments to the Articles of Association.

    That:

    (a) the Company be authorised, subject to and in accordance with the provisions of the Companies Act 2006, to send, convey or supply all types of notices, documents or information to the shareholders by means of electronic equipment for the processing (including digital compression), storage and transmission of data, employing wires, radio optical technologies, or any other electromagnetic means, including by making such notices, documents or information available on a website; and

    (b) the Articles of Association of the Company be amended with effect from the end of this Meeting in accordance with the printed document produced to the Meeting and initialled by the Chairman for the purposes of identification.

13. Special resolution for the approval of amendments to the Articles of Association in relation to Directors' conflicts of interest.

    That the Articles of Association of the Company be amended by the insertion into the Articles of Association of new Article 93A in the form produced to the meeting and initialled by the Chairman for the purpose of identification.

14. Special resolution to renew share buyback authority.

    That the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 to make market purchases (within the meaning of Section 163 of the said Act) of ordinary shares of 25 pence each, provided that:

    (i) the maximum number of ordinary shares hereby authorised to be purchased is 5,522,718 or such lesser number of shares as is equal to 14.99 per cent of the total number of ordinary shares in issue as at the date of the passing of this resolution;

    (ii) the minimum price which may be paid for an ordinary share shall be 25 pence;

    (iii) the maximum price, exclusive of any expenses, which may be paid for an ordinary share shall be an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased;

    (iv) any purchase of ordinary shares will be made in the market for cash at prices below the prevailing net asset value per ordinary share (as determined by the Directors); and

    (v) unless renewed, the authority hereby conferred shall expire on the earlier of 6 May 2009 or the conclusion of the Company's Annual General Meeting in 2009 save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board of Directors
PJ Dyke, Secretary, Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB
5 December 2007

Notes

1 Members of the Company who are entitled to attend and vote at the Meeting are entitled to appoint one or more proxies to exercise all or any of their rights to attend and to speak and vote at the Meeting. A member may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.

2 A Form of Proxy is enclosed. To be effective, the Form of Proxy and any power of attorney under which it is executed (or a duly certified copy of any such power) must reach the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6LX, not less than 48 hours before the time of the Meeting or adjourned Meeting or (in the case of a poll taken otherwise than at or on the same day as the Meeting or adjourned Meeting) for the taking of the poll at which it is to be used. Completion and return of the Form of Proxy will not prevent a member from attending and voting at the Meeting.

3 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those holders of ordinary shares entered on the Register of Members of the Company as at 6.00 pm on 4 February 2008 ("the Specified Time") shall be entitled to attend and vote at the Meeting in respect of the number of ordinary shares registered in their name at that time. Changes to entries on the register of members after the Specified Time shall be disregarded in determining the rights of any person to attend and vote at the Meeting. If the Meeting is adjourned to a time not more than 48 hours after the Specified Time applicable to the original Meeting, that time will also apply for the purposes of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period, then to be so entitled, members must be entered on the Company's register of members at a time which is not more than 48 hours before the time fixed for the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice.

4 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

5 Shareholders are entitled to attend and vote at general meetings of the Company. On a vote by show of hands, every member and every duly appointed proxy who is present in person shall have one vote. On a poll vote, every member who is present in person or by proxy shall have one vote for every share of which he is the holder.

6 Arrangements will be put in place at the Annual General Meeting so that, on a poll, if more than one corporate representative for the same corporate member completes a poll card, then one of those corporate representatives is treated as the designated corporate representative to cast (or withhold) votes on the poll and the other corporate representatives for that member give directions to that designated corporate representative as to how votes are to be cast (or withheld).

7 The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this notice until the close of the Annual General Meeting, and will be available at the place of the Annual General Meeting from 11.45 am until the conclusion of the Meeting:

(a) the current Memorandum and Articles of Association of the Company; and

(b) a copy of the Articles of Association of the Company as proposed to be amended by Resolutions 12 and 13; and

(c) the terms and conditions of appointment of all Directors.

8 Short biographical details regarding Mr RA Armstrong, Ms C Bowe, Ms L Webber, Mr JP Williams and Sir Brian Williamson are contained on page 68.

9 The total number of issued ordinary shares in the Company on 5 December 2007, which is the latest practicable date before the publication of this document, is 36,842,687.

APPENDIX

Part 1: Proposed changes to the Articles of Association pursuant to Resolution 12

Article 2 – Interpretation (and consequential amendments)
Certain definitions and expressions used through the current Articles of Association have been changed to align them with definitions used in the Companies Act 2006.

Article 55 – Demand for a poll
This amendment provides that, if a poll is taken, it may be by electronic means or ballot or voting papers or ticket or any combination thereof, as the Chairman may direct.

Article 66 – Form of proxy
Changes have been made to deal with the authentication of proxy appointments made by electronic means.

Article 67A – Appointment of proxy
The Directors are authorised to accept proxy appointments by electronic means, in respect of uncertificated shares through the CREST system.

Article 85 - Nomination of director for election
Changes have been inserted to deal with the authentication of electronic communications.

Articles 140, 141, 142, 143, 143A, 143B and 143C – Communications with Members
The new headings of this group of Articles and relevant amendments reflect the new company communications provisions of the Companies Act 2006 dealing with communications with members.

These provisions prescribe methods of communication by and to the Company for documents or information authorised or required by any provision of the Companies Acts and provide companies with greater flexibility in how they choose to recognise authentication of documents sent to them by shareholders. The Articles apply the company communications provisions to all communications with shareholders and override statutory “deemed notice” provisions to as to bring them into line with the existing articles.

Part 2: Proposed changes to the Articles of Association pursuant to Resolution 13
New Article 93A confers power on the Directors to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under Section 175 of the Companies Act 2006 to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation is effective only if the interested director(s) is/are not counted in the quorum for the Directors’ meeting at which the matter is considered, and the vote(s) (if any) of the interested director(s) on any such authorisation is/are ignored. Any such authorisation shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised. The Directors may impose conditions or limitations on any authorisation and the interested Director is required to comply with any obligations imposed on him pursuant to any such authorisation. The new Article will take effect on 1 October 2009, or any earlier date as Section 175 of the Companies Act 2006 comes into effect.

If you have sold or otherwise transferred all your shares in Electra Private Equity PLC, you should pass this document and other relevant accompanying documents to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was made, for transmission to the purchaser or transferee.

Contact Details

Board of Directors
Sir Brian Williamson CBE Chairman
Ronald Armstrong
Professor Sir George Bain
Colette Bowe
Lord King of Bridgwater
Michael Walton
Lucinda Webber
Peter Williams

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Telephone +44 (0)20 7214 4200
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Secretary and Registered Office
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Company Number
303062

Website details
www.electraequity.com

Registered Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants &
Registered Auditors

Financial Adviser
Lazard

Bankers
National Westminster Bank PLC

Registrar and Transfer Office
Equiniti Limited
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