ELECTRA PRIVATE EQUITY PLC

Report and Accounts

30 September 2008

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Annual Report and Accounts for the year ended 30 September 2008

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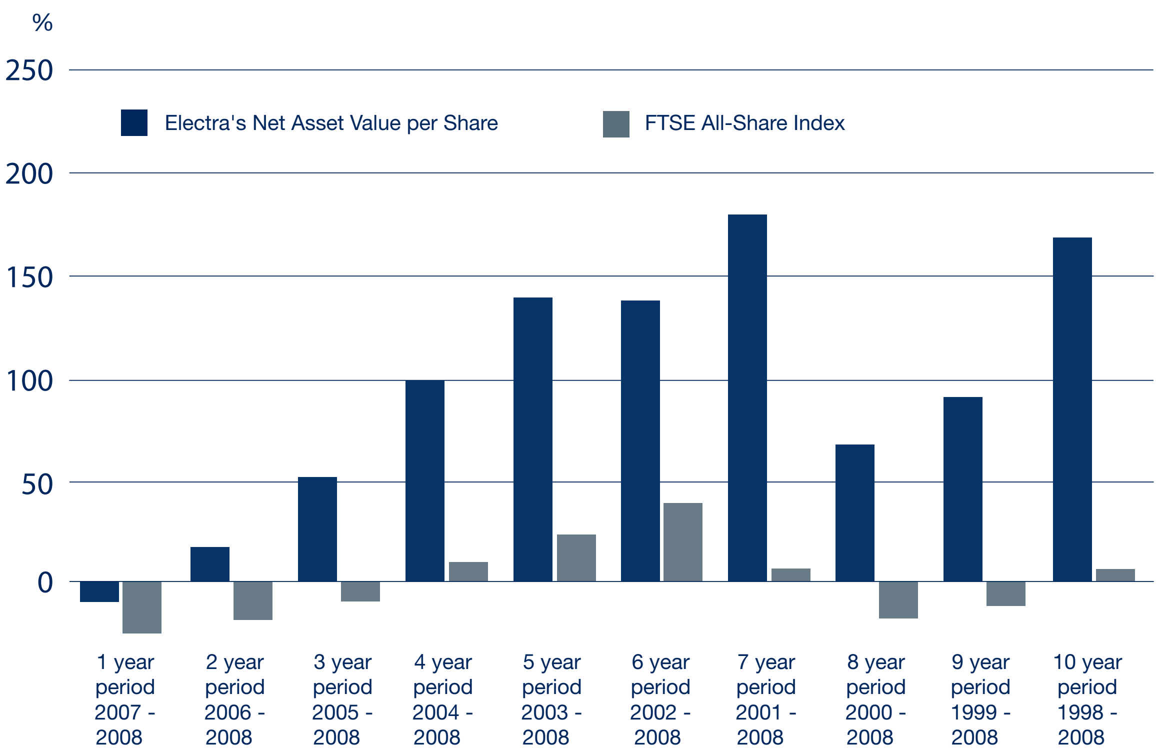
Electra's objective is to achieve a rate of return on equity of between 10 - 15% per annum over the long term by investing in a portfolio of private equity assets.

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	2004	2005	2006	2007	2008
Net asset value per share (p)	912.86	1,197.22	1,545.07	2,001.21	1,800.64
Increase/(decrease) in net asset value per share (%)	20.2	31.2	29.0	29.5	(10.0)
Increase/(decrease) in FTSE All-Share Index (%)	12.0	20.9	11.1	8.7	(25.1)

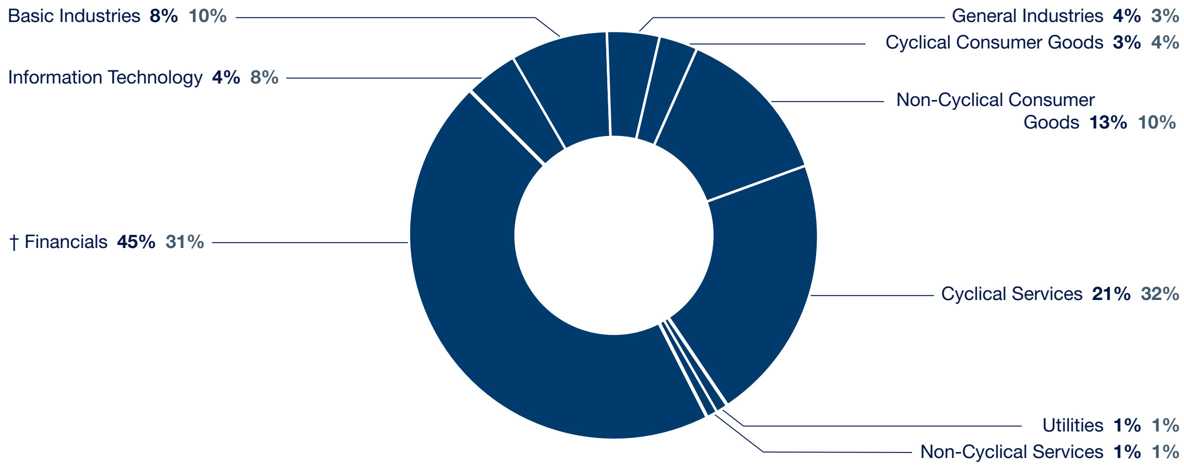
Percentage Change in Electra's Net Asset Value Per Share Compared to FTSE All-Share Index



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 *

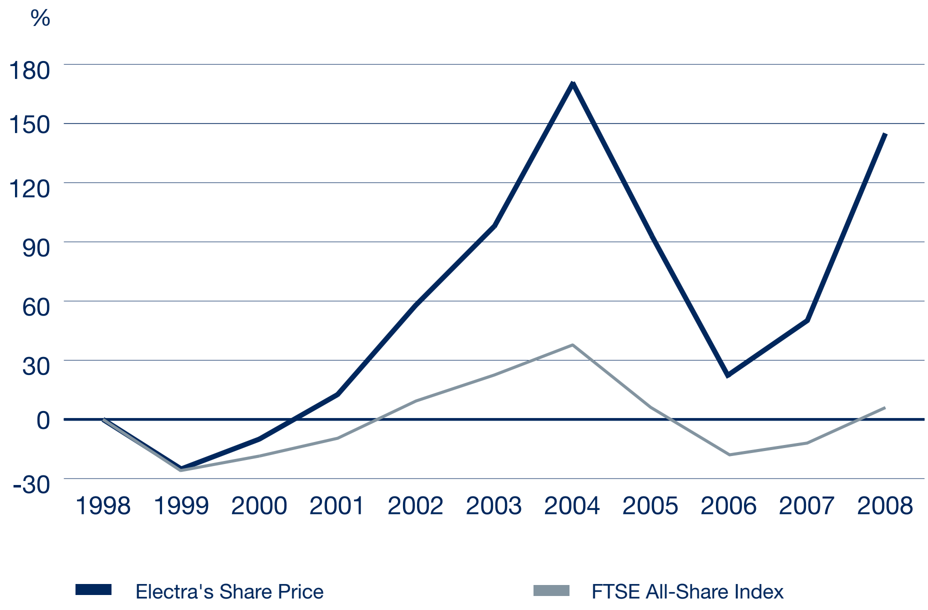
2008 2007



* 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

In 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. Electra is managed as an HM Revenue and Customs approved investment trust.

Electra's objective is to achieve 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, its strong record of deal flow 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; and
- 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.

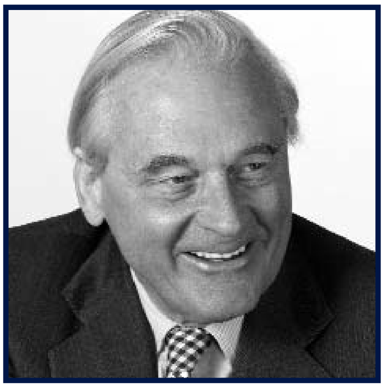
Electra Partners will target private equity opportunities (including direct investment, fund investment and secondary buy-outs of portfolios and funds) so that the perceived risks associated with such investments are justified by expected returns. These investments will be made across a broad range of 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 Electra Partners has historically 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 feels that there is merit in gaining exposure to countries and sectors outside its 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 £20–75 million in companies with an enterprise value of £60–200 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

The year to 30 September 2008 was a particularly difficult one for financial markets with highly volatile stock markets, a worsening of the credit crisis and, towards the end of the year, a widespread loss of confidence driven by the prospects of recession not only in the UK but also globally.

Against this background Electra has again had a solid year including the successful realisation of a number of existing investments. Investment activity was less than the previous year and Electra ended the year with slightly increased net liquid resources of £159 million after share buy-backs of £26 million and the £9 million cost of the special dividend paid in March 2008. Together with borrowing facilities, Electra had £409 million of resources available for existing commitments and new investment at 30 September 2008, a position which the Board and Electra Partners consider to be advantageous in view of the buying opportunities which are expected to occur as the downturn progresses.

... Electra has again had a solid year including the successful realisation of a number of existing investments.

Results

At 30 September 2008 the net asset value per share was 1,801p compared to 2,001p at the beginning of the financial year, a decline of 10%. Together with the special dividend of 25p per share paid in March 2008, this represents a negative return of 8.3% for the year. Over the same period the share price decreased by 26.5% while the FTSE All-Share Index decreased by 25.1%. Over the five years to 30 September 2008 Electra's net asset value per share, inclusive of dividends totalling 62p per share, increased by 145.2% and Electra achieved a return on equity of 18.5% on an annualised basis. Over the same five-year period the share price increased by 105.5% and the FTSE All-Share Index increased by 22.5%.

Investment Activity

For most of the year the mid-market buy-out sector was reasonably buoyant and our Manager, Electra Partners, bid on 19 investment opportunities out of 186 considered in the year. However, its cautious pricing stance meant that it was frequently outbid by competitors and, as a result, new investment amounted to £114 million in aggregate for the year compared to £322 million in the previous year. £24 million was invested in Labco, a French business involved in the consolidation of medical laboratories in Europe and £20 million was invested in London & Stamford Property, an AIM listed company established to take advantage of the corrections expected in the industrial and commercial property market.

Part of our investment policy over the two years since shareholders approved the revised investment strategy has involved investment in funds thereby building relationships through our Manager with other private equity groups as a co-investor and as a fund investor. This has yielded substantial deal flow and we believe this is an important way of providing increased diversification and accessing overseas and niche markets as a key part of the strategy going forward. Such activity is complementary to Electra's direct investment activity and an important part in providing a greater diversity of deal flow.

During the year £192 million was received from the sale of investments including £36 million in respect of Dakota, Minnesota & Eastern Railroad, details of which were included in the last Annual Report and the 2008 Half-Yearly Report. The major realisation in the second half of the year was Electra's investment in Freightliner, which was sold to Arcapita and resulted in proceeds to Electra of £85 million. These sales were very satisfactory conclusions to investments which had been held for some time. Full details of the investment activity are set out in the Manager's Review from Electra Partners.

These sales were very satisfactory conclusions to investments which had been held for some time.

The Board and Committees of the Board

Following the retirement of Lord King of Bridgwater and Professor Sir George Bain from the Board at the last Annual General Meeting, the Board now comprises six Directors. At the forthcoming Annual General Meeting Ron Armstrong, Peter Williams and I will retire and seek re-election.

Towards the end of the year the Board decided to combine the separately established Remuneration and Nomination Committees into one committee which is chaired by Peter Williams. Further details of this Committee and the Valuations Committee, chaired by Michael Walton, are given elsewhere in this Report.

Further Authority to Buy Back Shares

Your Board continues to pursue an active share buy-back policy and during the year ended 30 September 2008, Electra made on-market purchases at a cost of £26 million and cancelled 1.66 million shares. The Company currently has the ability to buy back and cancel up to a further 4.2 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.

Dividend

I would like to remind shareholders that the Company will only pay a dividend when required to do so in order to maintain its investment trust status. Accordingly, no dividend is proposed for the year (year ended 30 September 2007 – 25p per share).

Outlook

Your Board believes that Electra is positioned to make good investments assisted by:

- a strong cash position;
- flexibility with regard to type of investment: including minority holdings and mezzanine investments; and
- our Manager's reputation as a mid-market buy-out player as deals in the larger buy-out category become harder to finance.

Relative to the Company's position at the half-year stage, whilst the investment strategy remains the same, the timescales for making and realising investments have lengthened and a cautious approach will continue to be taken towards new investment whilst the economic outlook continues to be uncertain. The Board believes that the investment approach adopted by Electra Partners continues to be sound and that it will provide a solid basis for delivering attractive returns from private equity investments over the long term, in particular from the opportunities that may become available as a result of an economic downturn.

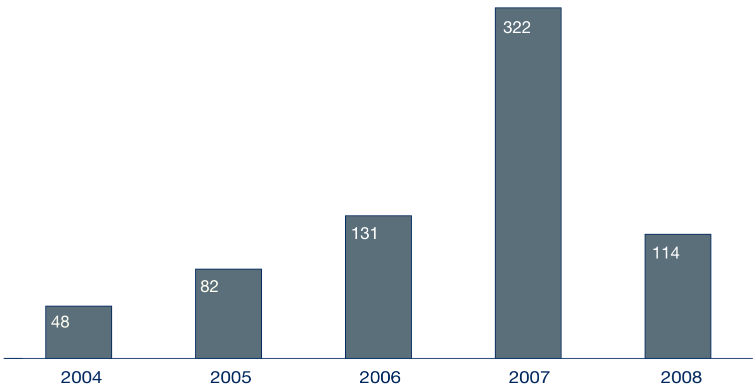
The Board believes that the investment approach ... will provide a solid basis for delivering attractive returns from private equity investments over the long term ...

Sir Brian Williamson
4 December 2008
Chairman

Portfolio Highlights

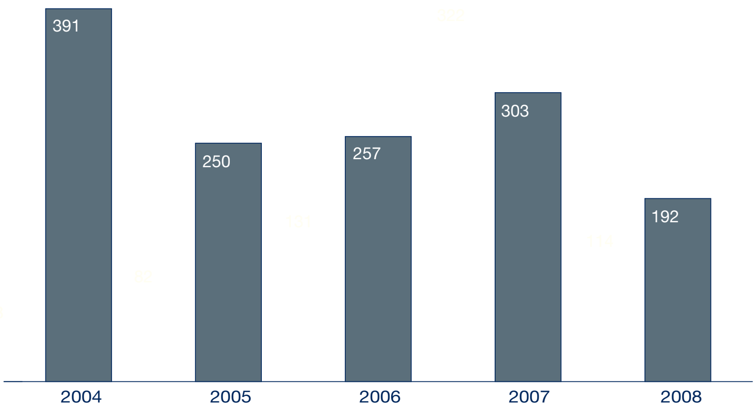
Purchases
£m

Year to 30 September



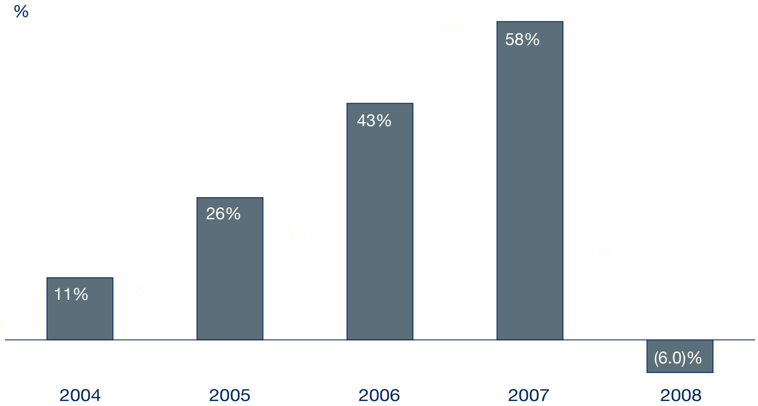
Realisations
£m

Year to 30 September



Portfolio Performance*
%

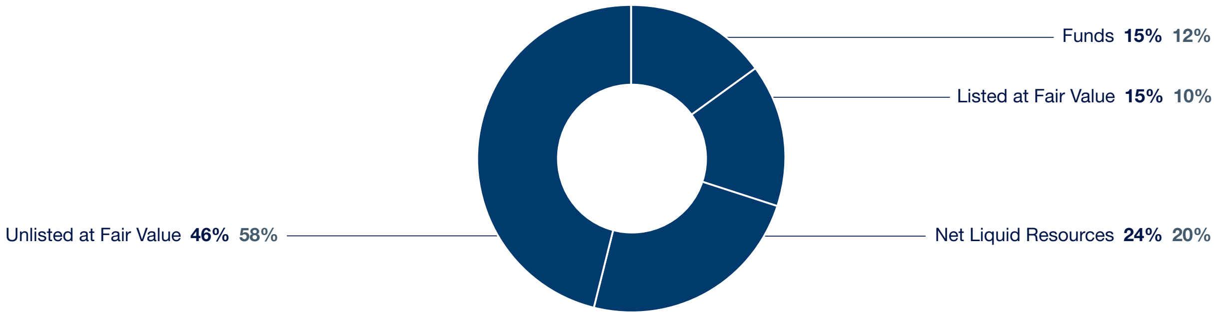
Year to 30 September



* Net capital gain/(loss) as a percentage of the opening portfolio.

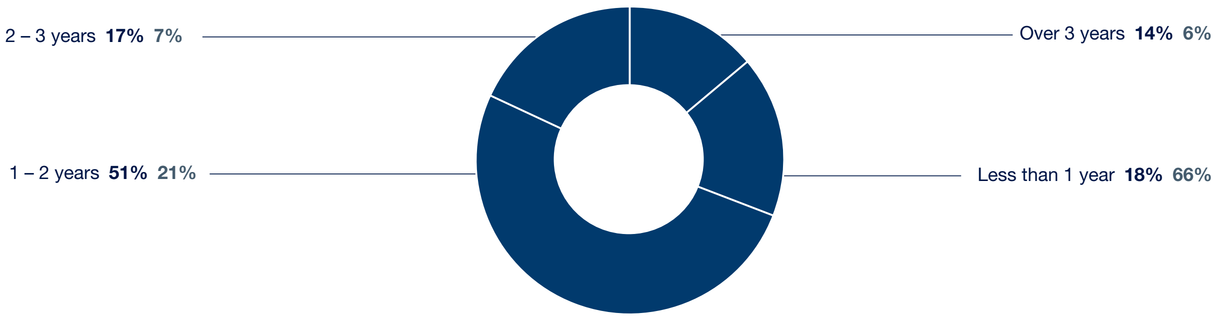
Investment Portfolio and Net Liquid Resources

2008 2007



Age Analysis *

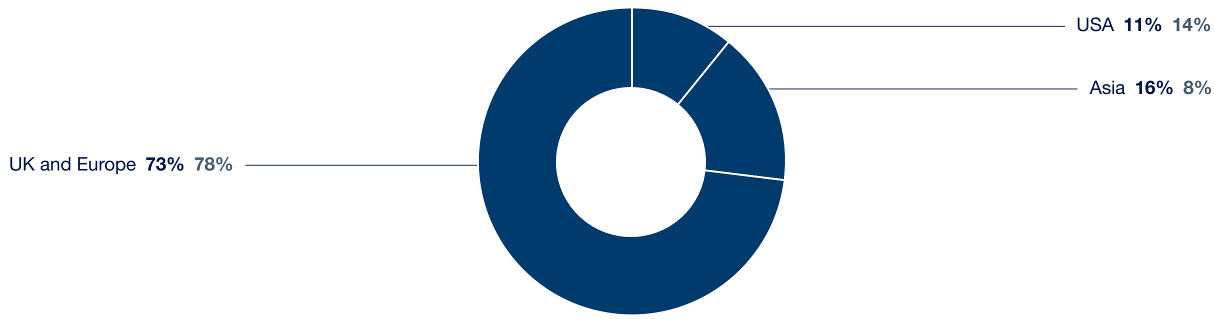
2008 2007



* excluding listed investments

Geographic Split

2008 2007



The Manager

Electra's investment portfolio is managed by Electra Partners, an independent private equity fund manager. As at 30 September 2008, it had resources of over £1 billion made up of existing funds under management and its clients unutilised borrowing facilities. Over the last 15 years Electra Partners has invested in excess of £3 billion in private equity investments, accumulating considerable expertise and building a strong track record.

Electra Partners' senior management team has worked together since 1992 and the investment professionals average over 15 years in private equity. They are backed by a 30-strong team skilled in finance, compliance, investor relations and marketing.

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
Peter Carnwath	Portfolio Manager
Oliver Huntsman	Portfolio Manager
John Levack	Portfolio Manager
John Martin	Investment Manager
Sarah Williams	Investment Manager

The Portfolio

Electra's portfolio consists of holdings of securities in a number of companies (the "investment portfolio") together with cash or near cash offset by borrowings ("net liquid resources"). The investment portfolio consists primarily of direct investments in portfolio companies together with investments in funds where investments are held in limited partnerships managed by other private equity managers. Investments in funds are made primarily for the purpose of generating co-investment opportunities and gaining exposure to other geographic areas.

As at 30 September	2008 £m	2007 £m
Investment Portfolio *		
Direct investments	403	525
Funds	102	95
	505	620
Net Liquid Resources	159	156
Investment Portfolio and Net Liquid Resources	664	776

* Excludes accrued income on the investment portfolio 2008: £9,034,000 (2007: £13,419,000).

At 30 September 2008 Electra had direct investments in 66 companies with an aggregate value of £403 million and investments in 32 private equity funds with an aggregate value of £102 million. The top 10 and 20 direct investments accounted for 61% and 88% respectively of the total direct investments.

Excluding investments in funds, approximately 40% of the value of the investment portfolio was derived from UK operations, 33% from Continental Europe, 11% from the USA and 16% from Asia and elsewhere.

Investment Portfolio Analysis

A key part of our present strategy is, therefore, to protect the existing portfolio from the current financial turbulence in order to ensure that these value creating opportunities are maximised when conditions improve.

In the year to 30 September 2008, Electra's net asset value per share fell from 2,001p per share at the beginning of the period to 1,801p per share at 30 September 2008, a decline of 10%.

Electra's performance in terms of net asset value movement must be viewed against the background of falling stock markets and other negative factors. In the year under review, the FTSE All-Share Index fell by more than 25% and significant problems emerged in the financial system which affected many banks and other institutions. Considering these circumstances Electra's performance was relatively good. This performance resulted from the fact that the significant reductions in value recognised in respect of the retained portfolio were substantially offset by gains either realised on the sale of investments or recognised in relation to specific events. The reduction in value of the retained portfolio mainly reflected lower multiples of comparable companies quoted on a recognised stock exchange.

Apart from the reduction in value of investments retained at the end of the year, the turbulent conditions in the financial markets impacted other aspects of Electra's investment activities. These effects primarily related to the rate of new investment and the rate of realisations. New investment fell significantly from the previous year with £114 million invested compared to £322 million, and the number of realisations fell sharply with only two realisations being completed in the year compared to 11 in 2007.

Year ended 30 September	2008 £m	2007 £m	2006 £m
Opening portfolio	620	380	353
Investments	114	322	131
Realisations	(192)	(303)	(257)
Net capital (decrease)/increase	(37)	221	153
Closing portfolio *	505	620	380

* Excludes accrued income on the investment portfolio. 2008: £9,034,000 (2007: £13,419,000, 2006: £5,874,000).

Prospects

The crises in the financial markets which have prevailed throughout the past year have made it a difficult period in which to make tangible progress. As previously mentioned, the level of additions to and realisations from the investment portfolio has reduced significantly as a result of the uncertainties of the past year, so that changes to the composition of the portfolio have been well below those experienced in recent years. However, the underlying trading performance of the retained portfolio has continued to be sound, with many individual investments performing both ahead of the previous year and in line with or above budget for the current year. This augurs well for future value creation when markets return to more stable conditions. A key part of our present strategy is, therefore, to protect the existing portfolio from the current financial turbulence in order to ensure that these value creating opportunities are maximised when conditions improve.

Looking forward, it is likely that current market conditions will give rise to exceptional buying opportunities as potential vendors seek to raise cash to overcome the difficulties caused by the reductions in available credit. With a high level of liquid resources, Electra is in a good position to take advantage of these opportunities which will be taken to augment the existing portfolio and further enhance value growth in the future.

Investment Portfolio Review

Investments

In the year to 30 September 2008 investments totalled £114 million compared to £322 million in the previous year. This significant fall in investment rate reflected the change in conditions in the private equity market which prevailed throughout the year. Deal flow has remained strong and Electra has continued to bid on a variety of potential transactions at pricing levels considered to be realistic given the change in market conditions. In almost every transaction however, there were one or two offers at much higher levels with the result that only one new unlisted investment was added to the portfolio during the year. We continue to believe that current conditions demand the exercise of caution in acquiring new investments. Going forward we believe that prices will eventually adjust to more appropriate levels reflecting the uncertainties in future profitability and the reduced availability of lending from the banking sector.

Company	Activity	Cost £m
New Investment		
Labco	Medical diagnostics	24
London & Stamford Property	Property investment	20
Funds	MBO investments	46
Other Investments	Various	24
		114

The investment of £114 million included £68 million in direct investments and £46 million drawn down under commitments to third party funds. The most significant direct investments included £24 million in Labco and £20 million in London & Stamford Property. In addition to these investments, and in accordance with the policy to support the existing portfolio, Electra invested a further £7.9 million in SAV Credit to facilitate the purchase of the Marbles credit card portfolio from HSBC and invested a further £7.5 million in Baxi as part of a £40 million additional financing for the company.

This significant fall in investment rate reflected the change in conditions in the private equity market which prevailed throughout the year.

Labco is one of the top three participants in the European medical diagnostics market and the leading company in the €7 billion clinical laboratory blood testing market. With the largest network of private clinical laboratories in Europe, the group has some 3,000 employees and over 200 biologists in 153 laboratories. The investment made by Electra to support a significant refinancing of Labco is thought to be attractive in view of the fact that healthcare spending is not directly related to consumer/GDP growth and the company has many further consolidation opportunities. London & Stamford Property is an AIM listed company set up to take advantage of opportunities in the property investment market. Electra invested £20 million as part of a £285 million capital raising to back a management team who on two previous investments have made excellent returns for Electra.

In another transaction, Forthpanel acquired an equity interest in Promontoria in exchange for all its existing properties. In this complex transaction Electra disposed of its interests in Deutsche Woolworth and Forthpanel acquired an equity investment in Promontoria with an initial value of £26 million. Promontoria itself acquired 110 freehold properties for a total consideration of €385 million, all of which were leased to Deutsche Woolworth at a yield in excess of 10%. Since the deal was completed the underlying operations of Deutsche Woolworth have been significantly restructured. In the event that this restructuring is successful, Promontoria will benefit from an option under which it can acquire 75% of Deutsche Woolworth for a nominal consideration.

Realisations

The total proceeds realised from the investment portfolio during the year amounted to £192 million. This compares to a valuation of the investment portfolio at the beginning of the year of £620 million. The proceeds thus represented some 31% of the opening value of the investment portfolio. While the proceeds were well down on the previous year it still represented a more than satisfactory result in view of the financial crisis which persisted throughout the financial year. Realisations in the private equity market have generally been at a much reduced level primarily as a result of the lack of availability of adequate bank finance.

Largest Investment Realisations

Company	Valuation at 30 September 2007 £m	Proceeds from Disposal £m
Freightliner	10	85
Dakota, Minnesota & Eastern Railroad	35	36
Vasanta (Kingfield Heath) *	21	22
	66	143

* Valuation and proceeds in respect of partial disposal

The total proceeds realised from the investment portfolio during the year amounted to £192 million. This compares to a valuation of the investment portfolio at the beginning of the year of £620 million.

The most significant realisation during the year was that of Freightliner which was sold in July 2008 for an amount which gave rise to proceeds to Electra of £85 million. Electra originally invested £2.5 million in the management buy-out of Freightliner in May 1996, a transaction which involved total financing of £22 million. At the time of purchase Freightliner had a turnover of £90 million and was making pre-tax losses of £22 million. Following purchase the company greatly improved service reliability, expanded into heavy load, changed the delivery systems and developed internationally. By 2007 turnover had increased to £244 million and the company was recording an EBITDA in excess of £31 million. Additionally in the 12 years of ownership, the company invested circa £350 million in new equipment. These developments enabled Freightliner to be sold to Arcapita for a debt free price in excess of £250 million.

In October 2007 Electra also completed the sale of the investment in the Dakota, Minnesota & Eastern Railroad ("DM&E"), receiving proceeds of £36 million. This sale was largely anticipated in the 2007 financial year so that the uplift in the current year was minimal. The sale of DM&E represented an excellent result for an investment held for a period in excess of 20 years. The further contingent consideration now seems unlikely as the Powder River Basin project has been postponed in view of the crisis in the US financial markets.

Other disposals included partial realisations of Vasanta, previously called Kingfield Heath, (£21.5 million) and Nuaire (£12 million) which were sold to institutional investors in Electra Partners Club 2007. Realisations from private equity funds amounted to £13 million, a significant reduction from the previous year when such proceeds amounted to £49 million.

Performance

Over the year to 30 September 2008 the investment portfolio declined in value by £37 million or 6%. The performance was made up of two elements, firstly gains realised on the sale of investments and secondly the changes in value of the investments retained at the end of the year. Realised gains for the year, including the increase in value of Forthpanel, amounted to £97 million while the net reduction in value of the investment portfolio remaining at 30 September 2008 amounted to £134 million, a reduction in the investments of 26%. This compared to the decline in the FTSE All-Share Index over the period of 25%. Of the decline in value of the portfolio, £39 million was due to a reduction in listed prices, where investments had a market listing, and the balance of £95 million related to a decline in the value of the unlisted portfolio. Only one unlisted investment, Allflex, was written up during the year in view of continued good progress, while most of the remaining investments were written down primarily to reflect the fall in multiples of comparable companies.

The performance was made up of two elements, firstly gains realised on the sale of investments and secondly the changes in value of the investments retained at the end of the year.

Largest Valuation Changes

Company	Valuation at 30 September 2008 £m	Valuation Decrease £m	%
Premier Asset Management	10	(22)	(68)
Moser Baer	13	(15)	(54)
Baxi	11	(12)	(77)
Vasanta (Kingfield Heath)	29	(11)	(18)

Electra Partners LLP
4 December 2008

Large Private Equity Investments

ALLFLEX HOLDINGS	Location: International

Equity Ownership	33.0%
Valuation	£45,629,000
Cost	£40,778,000

Valuation based on multiple of earnings

In 1998 Electra invested £23.1 million in the US$160 million buy-out of Allflex. Allflex is the world's leading manufacturer and distributor of plastic and electronic animal identification tags ("Rfid") with factories in France, Brazil and China. In August 2007, despite worsening banking conditions, the business was refinanced with Electra retaining a significant ongoing holding in the business.

In the year ended 31 December 2007, Allflex achieved sales of $170.9 million (2006: $148.3 million) using constant exchange rates. The need for accurate animal identification and traceability continues to increase with mandatory Rfid schemes adopted by Australia and Canada. Increasing interest has been shown by other countries in both Rfid and genetic traceability. Allflex has secured a genetic traceability contract from Switzerland to aid the eradication of Bovine Viral Diarrhoea.

Five small acquisitions have been completed in the 18 months ended 30 September 2008, securing complementary products and access to new markets. The business continues to invest in product development.

VASANTA (KINGFIELD HEATH)	Location: UK & Ireland

Equity Ownership	41.9%
Valuation	£29,197,000
Cost	£40,530,000

Valuation based on multiple of earnings

Vasanta Group is the second largest operator in the £8 billion UK and Ireland office products market. Vasanta was formed through the simultaneous management buy-outs of Kingfield Heath Holdings and ISA Group in June 2007. Electra and the Vasanta Group management team collectively invested £70 million to complete the transactions which were valued at an aggregate enterprise value of £246 million.

Two distinct brands within Vasanta serve separate channels to market: Vow (wholesale division) and Supplies Team (direct to corporates and public sector bodies). Formation of the Vasanta Group has further reinforced the strategic positioning, product range and best-in-class logistics infrastructure for all customers.

Vasanta generated sales of over £500 million in 2007. In 2008 highly competitive market conditions are expected to result in an underperformance against sales and budgeted profit. In mitigation, the management team has implemented a number of cost saving and operational efficiency initiatives.

FORTHPANEL	Location: Germany and Austria

Equity Ownership	99.3%
Valuation	£27,683,000
Cost	£16,481,000

Valuation based on price of recent transaction

Forthpanel is an investment holding company whose major asset is a 10.5% interest in Promontoria, a property company formed to undertake the sale and leaseback of more than 100 retail properties operated by Deutsche Woolworth ("DW"). The freehold and long leasehold properties are situated throughout the major towns and cities in Germany and Austria.

Promontoria is unleveraged and its properties have an aggregate value of approximately €335 million, and yield more than 10% per annum. DW is currently undergoing an extensive cost reduction and restructuring programme which, if successful, will restore the profitability of DW. Promontoria will benefit from any improvement in the trading position of DW through options.

Electra's partner in Promontoria is Cerberus Capital Management, a leading US private investment firm.

LABCO	Location: France

Equity Ownership	**4.6%**
Valuation	**£23,536,000**
Cost	**£23,607,000**

Valuation based on price of recent transaction

In July 2008, Electra invested €30 million in the €150 million equity capital increase by Labco SAS.

Paris-based Labco is Europe's largest private network of clinical laboratories. With over 3,000 employees and 153 laboratories, Labco tests over 20 million blood and urine samples for over six million patients each year.

Market growth is derived from an ageing European population, advances in medical technology and an increasing propensity for preventative testing. With a dominant market position in France, Labco is a leading consolidator of the European laboratory sector which is currently highly fragmented. This capital increase is to finance the acquisition of a number of laboratories in Spain, Germany, France and Italy. On a pro forma basis the new enlarged group had sales of €368.5 million in the year to 31 December 2007.

NUAIRE	Location: UK and France

Equity Ownership	**38.8%**
Valuation	**£22,691,000**
Cost	**£23,405,000**

Valuation based on multiple of earnings

In 2007 Electra invested in the £83 million management buy-out 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 continues to perform successfully with unaudited sales for the year to 30 September 2008 of £57.6 million (2007: £48.4 million) generating an EBITA of £9.2 million, 19% ahead of previous year using constant exchange rates. Although there have been some signs of a slow down in sales to the residential market, the business continues to prosper from changes to building regulations which require more efficient and better ventilation of buildings.

LIL-LETS GROUP	Location: UK and South Africa

Equity Ownership	**61.7%**
Valuation	**£21,412,000**
Cost	**£21,412,000**

Valuation based on multiple of earnings

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

In the UK, management is building on positive consumer attitudes to its traditional products and Lil-lets has extended its product range. In South Africa, the brand's dominant position in the tampon market has been extended into other feminine hygiene categories and the business continues to increase its market share. South Africa remains a growth market and, despite adverse currency and input price movements this year, the business is recording strong sales and profits growth.

Group sales in the year to 31 December 2007 were £36.3 million.

CAPITAL SAFETY GROUP	Location: International

Equity Ownership	12.1%
Valuation	£16,135,000
Cost	£17,586,000

Valuation based on multiple of earnings

Electra initially invested in the buy-out of Capital Safety, the safety division of BTP, in 1998. Electra's initial investment was predicated on transforming the business from one with a regional focus into an international brand.

Having sold its investment in June 2007, Electra decided to reinvest in the business and benefit from a buy and build strategy and the organic growth forecast in the fall protection market.

CSG manufactures harnesses, lifelines and anchors for people walking at height in a wide range of end user sectors including manufacturing, construction, oil and gas and utilities.

In the year ended 31 March 2008 the business generated turnover of $213 million (2007: $185 million). In the current year, the business continues to outperform the prior year and whilst the end user sectors are influenced by GDP, the business benefits from increasing legislation and greater focus on enforcement of protection for employees working at height.

VOLUTION (VENT-AXIA)	Location: UK

Equity Ownership	nil
Valuation	£15,840,000
Cost	£15,840,000

Valuation basis: Redemption value of debt instruments

In 2006 Electra invested £16 million in the mezzanine and subordinated debt layer of the secondary management buy-out of Volution. The total debt package was £132.5 million.

Volution, whose principal trading subsidiary is Vent-Axia, is one of the leading brand suppliers of ventilation equipment.

In the year to 31 July 2007 the group had sales of £76.3 million and operating profits of £9.1 million. With the group operating on budget for the year to July 2008 Volution is expected to show a growth in profitability. The budget for the year to July 2009 shows continued growth in profitability.

AMTICO	Location: UK

Equity Ownership	18.8%
Valuation	£12,689,000
Cost	£22,275,000

Valuation based on multiple of earnings

In 2006 Electra invested £22.5 million in the secondary management buy-out of Amtico. Amtico is a manufacturer and distributor of luxury flooring products, for sale in the retail, commercial and residential markets across Europe and in the USA.

For the year to March 2008 turnover was £93.7 million compared to £91.3 million for the previous year. Turnover and trading for the first half of 2009 is ahead of last year and budget.

Schedule of Largest Investments* (valued over £10 million)

Company	Fair Value of holding at 30 Sept 2007 £'000	Net purchases/ (sales) £'000	Performance in year £'000	Fair Value of holding at 30 Sept 2008 £'000	Cost of holding at 30 Sept 2008 £'000
ALLFLEX HOLDINGS Animal identification tags	41,190	(412)	4,851	45,629	40,778
VASANTA (KINGFIELD HEATH) Stationery supplier	62,532	(22,179)	(11,156)	29,197	40,530
FORTHPANEL Property holding company	6,541	1,885	19,257	27,683	16,481
LABCO Medical diagnostics	–	23,607	(71)	23,536	23,607
NUAIRE Ventilation systems manufacturer	33,770	(11,250)	171	22,691	23,405
LIL-LETS GROUP Feminine hygiene products	26,036	(4,624)	–	21,412	21,412
LONDON & STAMFORD PROPERTY Property holding company	–	19,800	–	19,800	19,800
CANDOVER INVESTMENTS Private equity investment	19,836	–	(1,187)	18,649	3,751
CAPITAL SAFETY GROUP Specialist safety equipment	17,763	(178)	(1,450)	16,135	17,586
VOLUTION (VENT-AXIA) Fan manufacturer	16,000	(160)	–	15,840	15,840
DINAMIA (SPAIN) Private equity investment	19,947	–	(6,749)	13,198	11,274
MOSER BAER (INDIA) Manufacturer of photovoltaic cells	28,000	–	(15,028)	12,972	1,900
AMTICO Luxury flooring manufacturer	20,507	(225)	(7,593)	12,689	22,275
BAXI HOLDINGS Heating products	15,332	7,502	(11,660)	11,174	22,454
PREMIER ASSET MANAGEMENT Investment management	33,108	(331)	(22,448)	10,329	32,642
	340,562	13,435	(53,063)	300,934	313,735

The investments shown above represent 75% of the Group's direct investments at 30 September 2008 as shown on page 11.

* Excludes floating rate notes and 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 2008 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 2007. 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 last culminated in the approval by the Company's shareholders of the new investment strategy in October 2006. The Board believes this investment strategy remains effective in the light of prevailing market conditions. 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, 3 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 principal risks facing the Company include Market Price Risk, Credit Risk, Interest Rate Risk, Liquidity Risk, and Foreign Currency Risk as further detailed in Note 16 of the Notes to the Accounts.

In addition the Company is also focused on the following risks:

Macroeconomic risks

The performance of the Company's underlying investment portfolio is principally influenced by a combination of economic growth, the availability of appropriately priced debt finance, interest rates and the number of active trade and financial buyers. All of these factors have an impact on the Company's ability to invest and on the Company's ability to exit from its underlying portfolio or on the levels of profitability achieved on exit.

Long-term strategic risk

The Company is subject to the risk that its long-term strategy and its level of performance fails to meet the expectations of its shareholders. The Board monitors the level of discount of the net asset value to share price and considers the most effective methodologies to keep this at a minimum including the share buy-back policy. The Company has, in the last year, repurchased shares within parameters set by the Board and subject to shareholder authority.

In addition the Board regularly reviews the Objectives and Investment Policy in light of prevailing investor sentiment to ensure the Company remains attractive to its shareholders.

Government policy and regulation risk

The Company carries on business as an investment trust under section 842 of the Income and Corporation Taxes Act 1988. Continuation of approval by HM Revenue and Customs is subject to the Company conducting its affairs in a manner which will satisfy the conditions for continual approval as an investment trust. Anticipated and actual changes in government policy and treatment of investment trusts are closely monitored, as are other changes which could affect the Company's business or financial position.

Electra Partners is an authorised person under the Financial Services and Markets Act 2000 and regulated by the FSA. Changes to the regulatory framework under which Electra Partners operates are closely monitored by Electra Partners and reported upon as necessary by Electra Partners to the Board.

Investment risks

The Company operates in a very competitive market. Changes in the number of market participants, the availability of funds within the market, the pricing of assets, or in the ability of Electra Partners to access deals could have a significant effect on the Company's competitive position and on the sustainability of returns.

In order to source and execute good quality investments the Company is primarily dependent on Electra Partners having the ability to attract and retain executives with the requisite investment experience and whose compensation is in line with the Company's objectives.

Once invested, the performance of the Company's portfolio is dependent upon a range of factors. These include but are not limited to (i) the quality of the initial investment decision; (ii) the ability of the portfolio company to execute successfully its business strategy; and (iii) actual outcomes against the key assumptions underlying the portfolio company's financial projections. Any one of these factors could have an impact on the valuation of a portfolio company and upon the Company's ability to make a profitable exit from the investment within the desired timeframe.

A rigorous process is put in place by Electra Partners for managing the relationship with each investee company. This includes regular asset reviews and, in many cases, board representation by one of Electra Partners' executives.

The Board reviews both the performance of Electra Partners and its incentive arrangements on a regular basis to ensure that both are appropriate to the objectives of the Company.

Operational risk

The Company's investment management, custody of assets and all administrative systems are provided or arranged for the Company by Electra Partners. Therefore the Company is exposed to a range of operational risks at Electra Partners which might arise from inadequate or failed processes, people and systems or from external factors affecting these. These include operational events such as human resources risks, legal and regulatory risks, information technology systems failures, business disruption and shortcomings in internal controls.

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, as further detailed in the Corporate Governance Statement on page 31.

Management Arrangements

EP Private Equity Limited, a subsidiary of Electra Partners Group Limited, was the Manager of the Company 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 excluding any amounts committed to funds established 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

A revenue loss attributable to shareholders of £5.058 million (2007: profit of £9.279 million) was transferred to Revenue Reserves. No dividend is proposed in respect of the year ended 30 September 2008 (year ended 30 September 2007 – 25p per share).

Authority to Make Market Purchases of Shares

As at 30 September 2008, the Company had authority to purchase for cancellation up to a further 4,485,693 shares. This authority will lapse at the 2009 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 £26.492 million:

Shares Purchased for Cancellation	Date of Purchase	% of Issued Capital at Date of Purchase	Price per share
50,000	23 November 2007	0.13%	1,638p
100,000	27 November 2007	0.27%	1,608p
60,000	27 November 2007	0.16%	1,608p
200,000	5 December 2007	0.54%	1,640p
92,000	6 December 2007	0.25%	1,640p
55,000	14 December 2007	0.15%	1,595p
100,000	22 January 2008	0.27%	1,550p
1,000,000	17 March 2008	2.73%	1,570p

The Company does not hold any shares in treasury.

Multi-Currency Loan Facility

At 30 September 2008 borrowings under the £250 million (2007: £250 million) multi-currency facility amounted to £158,870,000 (2007: £160,699,000).

Directors

The current Directors of the Company are listed on pages 70 and 71. Sir Brian Williamson, Mr RA Armstrong, Ms C Bowe, Mr MED'A Walton, Ms L Webber and Mr JP Williams served as Directors throughout the year ended 30 September 2008. Professor Sir George Bain and Lord King of Bridgwater both retired as Directors at the Annual General Meeting held on 6 February 2008. 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 (2006), Mr RA Armstrong, Mr JP Williams and Sir Brian Williamson will all retire at the Annual General Meeting in 2009 and, being eligible, offer themselves for re-election.

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 2008 and 4 December 2008.

	30 September 2008 Shares	1 October 2007 Shares
Sir Brian Williamson	**–**	30,000
RA Armstrong	**23,723**	23,723
C Bowe	**1,129**	1,129
MED'A Walton	**16,016**	54,979
L Webber	**1,500**	1,500
JP Williams	**10,000**	10,000

Substantial Interests

The Company has received the following notifications of interests of 3% or more in the voting rights attached to the Company's ordinary shares:

		Voting Rights Notified		Percentage of Voting Rights *	
	Date of Notification	Direct No	Indirect No	Direct %	Indirect %
Rensburg Sheppards Investment Management Limited	6.03.07	–	1,780,564	–	5.04
Legal & General Group PLC	5.10.07	1,503,723	–	4.26	–
Bear, Stearns International Trading Limited	18.12.07	1,441,394	–	4.08	–
Prudential Plc group of companies	25.01.08	2,580,081	–	7.30	–
Asset Value Investors Limited as discretionary manager	19.09.08	2,574,683	–	7.29	–
British Empire Securities and General Trust PLC	9.10.08	1,440,112	–	4.08	–
HBOS plc	20.10.08	67,208	1,633,324	0.19	4.62

* Percentage shown as a percentage of 35,338,687 ordinary shares, being the number of shares in issue at the latest practicable date before the publication of this Directors' Report.

Charitable and Political Donations

During the year the Group made no charitable or political donations (2007: £nil).

Audit Information

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 and amended by special resolution on 6 February 2008 (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.

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 the 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 undertakings, 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.

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.

Directors' Conflicts of Interest

At the Annual General Meeting of the Company held in February 2008, shareholders approved the adoption of new Articles of Association conferring power on the Directors to authorise matters which would or might otherwise constitute or give rise to a breach of a Director's duty under the Companies Act 2006 in respect of Directors' Conflicts of Interest.

To date the Board has met once to consider conflicts of interest when it was agreed that none of the Directors had an actual conflict of interest.

At the same Board Meeting it was further agreed that the Remuneration and Nomination Committee would in future be responsible for considering and reviewing conflicts of interest and that any Director or Directors with a potential conflict would be excluded from such a review. After consideration, if required, the Remuneration and Nomination Committee would subsequently make a recommendation to the Board of Directors. The terms of reference of the Remuneration and Nomination Committee have been amended accordingly.

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. At 30 September 2008 the Company had no outstanding Trade Creditors (2007: nil).

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 Tuesday 3 February 2009. In addition to the ordinary business the following special business will be considered:

Authority to purchase own shares (Resolution 8)

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 5,297,269 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 8.

By order of the Board of Directors
PJ Dyke, Secretary, Paternoster House
65 St Paul's Churchyard, London EC4M 8AB
4 December 2008

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 and Nomination Committee

The Remuneration Committee which existed until 30 July 2008 comprised all the Directors of the Company other than the Chairman and was chaired by Mr JP Williams.

The Remuneration and Nomination Committee which was formed on 31 July 2008 incorporates the duties of the former Remuneration Committee and Nomination Committee and comprises all of the Directors of the Company and is chaired by Mr JP Williams. The Board considers that creating a combined Committee is a natural and efficient way to deal with the recruitment and remuneration of the Company's Directors.

The Remuneration Committee met once during the year to consider the Directors' remuneration and in the context of the increased workload imposed by the Company's new investment strategy and an increased level of Board, Committee and informal meetings of Directors it has decided to restructure the Directors' remuneration. The basic Directors fee for each Director is now £35,000 per annum with an additional fee of £115,000 per annum for the Chairman of the Company. An additional fee of £6,000 per annum is payable to the Chairman of the Audit, the Valuations and the Remuneration and Nomination Committees. Separate additional fees of £3,000 per annum are payable to the non-Chairman members of the Valuations Committee.

There were no meetings of the new Remuneration and Nomination Committee in the period to 30 September 2008.

Policy on Directors' Remuneration

The policy of the Remuneration and Nomination 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 2009 and subsequent years. Non-executive Directors are not eligible to receive bonuses, pension benefits, share options or other benefits. The Remuneration and Nomination Committee relies mainly on general salary surveys in respect of its consideration of the level of Directors' remuneration. The total remuneration of the Directors is determined by the provisions in the Articles of Association and by shareholders' resolutions.

Directors' Service Contracts

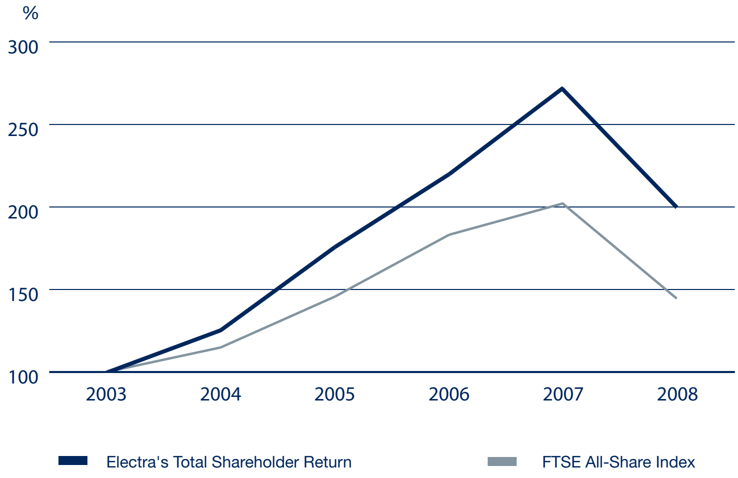
None of the Directors has a service contract with the Company. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office.

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 2008 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 2008 £000	30 September 2007 £000
Sir Brian Williamson (Chairman and highest paid Director)	**150.0**	150.0
RA Armstrong	**30.6**	28.5
Professor Sir George Bain	**9.9**	28.5
C Bowe	**30.1**	16.6
Lord King of Bridgwater	**9.9**	28.5
MED'A Walton	**38.9**	38.5
L Webber	**30.1**	16.6
JP Williams	**30.6**	28.5
Total	**330.1**	335.7

JP Williams, Chairman of the Remuneration and Nomination Committee
Paternoster House
65 St Paul's Churchyard, London EC4M 8AB
4 December 2008

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 2006.

The Board of Directors

Following the retirement of Lord King of Bridgwater and Professor Sir George Bain at the Annual General Meeting on 6 February 2008, the Board was comprised of six Directors as at 30 September 2008 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.

Separate Remuneration and Nomination Committees of the Company existed until 30 July 2008. On 31 July 2008 a combined Remuneration and Nomination Committee was established.

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. There were no meetings of the new Remuneration and Nomination Committee or the former Nomination Committee during the year.

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

	Board	Audit Committee	Remuneration Committee	Valuations Committee
Number of Meetings	**6**	**4**	**1**	**4**
Sir Brian Williamson *	6	–	–	–
RA Armstrong †	5	4	1	–
C Bowe	5	4	1	4
MED'A Walton	6	3	1	4
L Webber	6	4	1	4
JP Williams †	6	3	1	–

* Sir Brian Williamson was not a member of the Audit, Remuneration or Valuations Committees.
† Mr RA Armstrong and Mr JP Williams were not members of the Valuations Committees.

The Board receives information that it considers to be sufficient and appropriate to enable it to discharge its duties. Directors 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 70.

Independence of the Board

Sir Brian Williamson, Mr RA Armstrong and Mr JP Williams 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 for annual re-election.

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 and Mr JP Williams will retire at the Annual General Meeting to be held in 2009 and each offers himself 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; and
- 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 auditors' 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 and Nomination Committees and the Combined Remuneration and Nomination Committee

The Remuneration Committee, which existed until 30 July 2008, comprised all the Directors of the Company other than the Chairman and was chaired by Mr JP Williams.

The Remuneration Committee met once during the period ended 30 July 2008 to consider the Directors' remuneration in the context of the number of Board, Committee and informal meetings of Directors and the results of this review are set out in the Directors' Remuneration Report.

The separate Nomination Committee which existed until 30 July 2008 comprised all the Directors of the Company and was chaired by Sir Brian Williamson. No meetings of the Nomination Committee were held in the period ended 30 July 2008.

With effect from 31 July 2008 the Board established a combined Remuneration and Nomination Committee to incorporate the duties of the former Remuneration and Nomination Committees. The new Committee, chaired by Mr JP Williams, comprises all non-executive Directors of the Company, the majority of whom will always be independent. There were no meetings of the new Committee in the period to 30 September 2008.

The combined Remuneration and Nomination Committee duties in relation to remuneration, include determining and agreeing with the Board the policy for the remuneration of the Company's Directors. The Committee's duties in relation to nomination include identifying and nominating for the approval of the Board, candidates to fill Board vacancies to maintain a balanced Board. The Committee has written terms of reference which are available on the Company's website.

The Valuations Committee

At the beginning of this financial year the Board established a Valuations Committee. The Committee adds a further level of oversight to the valuation process carried out by Electra Partners under its contractual arrangements with the Company. The Valuations Committee is chaired by Mr MED'A Walton and comprises Ms C Bowe and Ms L Webber.

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 level of proxies lodged for each resolution is announced at the Meeting and is published on the Company's website.

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: Revised 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 2008. The system of internal control is designed to manage, rather than eliminate, the risk or 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

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed in the Board of Directors section of the annual report confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the group; and
- the Directors' report contained in the Reports section of the Annual Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board of Directors
Sir Brian Williamson, Chairman, Paternoster House
65 St Paul's Churchyard, London EC4M 8AB
4 December 2008

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 2008 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Group and 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, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 Combined Code (2006) 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 Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Investment Manager's Review, the Corporate Governance Statement and all of the other information listed on the contents page. 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 2008 and of its loss 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 2008 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, as regards the group financial statements, 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
4 December 2008

- 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	2008 Total £'000	Revenue £'000	Capital £'000	* Restated 2007 Total £'000
1	Net (loss)/profit on investments held at fair value	**26,188**	**(46,538)**	**(20,350)**	34,420	227,389	261,809
1	(Loss)/Profit on revaluation of foreign currencies	**–**	**(18,384)**	**(18,384)**	–	7,637	7,637
		26,188	**(64,922)**	**(38,734)**	34,420	235,026	269,446
3	Other income	**2,857**	**9,556**	**12,413**	2,394	–	2,394
23	Incentive schemes	**–**	**(9,496)**	**(9,496)**	–	(57,306)	(57,306)
4	Priority profit share paid to general partners	**(13,435)**	**–**	**(13,435)**	(12,350)	–	(12,350)
4	Other expenses	**(8,381)**	**–**	**(8,381)**	(2,702)	(5,538)	(8,240)
	Net (Loss)/Profit before Finance Costs and Taxation	**7,229**	**(64,862)**	**(57,633)**	21,762	172,182	193,944
7	Finance costs	**(7,921)**	**–**	**(7,921)**	(8,859)	–	(8,859)
	(Loss)/Profit on Ordinary Activities before Taxation	**(692)**	**(64,862)**	**(65,554)**	12,903	172,182	185,085
8	**Taxation Expenses**	**(4,366)**	**567**	**(3,799)**	(3,624)	(7,132)	(10,756)
	(Loss)/Profit on Ordinary Activities after Taxation	**(5,058)**	**(64,295)**	**(69,353)**	9,279	165,050	174,329
18	**Attributable to Equity Shareholders**	**(5,058)**	**(64,295)**	**(69,353)**	9,279	165,050	174,329
11	**Basic and Diluted Earnings per Ordinary Share**	**(13.98)p**	**(177.69)p**	**(191.67)p**	24.60p	437.49p	462.09p

* See Note 1.

The 'Total' columns 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 44.

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

	2008	2007
Number of Ordinary Shares in issue at 30 September	**35,595,687**	37,252,687

Note		2008	2007
	Special Dividends Paid		
9	Total paid (£'000)	**9,149**	6,375
9	Per share	**25p**	17p

Statement of Changes in Equity

Note	For the year ended 30 September for the Group	2008 £'000	2007 £'000
18	Total equity at 1 October	**745,506**	598,292
	(Loss)/Profit after taxation	**(69,353)**	174,329
18	Foreign currency translation differences	**437**	1,564
	Total Recognised Income and Expense	**676,590**	774,185
18	Special dividend to equity shareholders *	**(9,149)**	(6,375)
18	Purchase of own shares	**(26,492)**	(22,304)
	Total Equity Shareholders' Funds at 30 September	**640,949**	745,506

Note	For the year ended 30 September for the Company	2008 £'000	2007 £'000
18	Total equity at 1 October	**744,319**	592,364
	(Loss)/Profit after taxation	**(54,897)**	180,634
	Total Recognised Income and Expense	**689,422**	772,998
18	Special dividend to equity shareholders *	**(9,149)**	(6,375)
18	Purchase of own shares	**(26,492)**	(22,304)
	Total Equity Shareholders' Funds at 30 September	**653,781**	744,319

* Special dividend paid of 25p (2007: 17p) per share after share buy-backs and cancellation of 50,000 ordinary shares on 23 November 2007, 160,000 ordinary shares on 27 November 2007, 200,000 ordinary shares on 5 December 2007, 92,000 ordinary shares on 6 December 2007, 55,000 ordinary shares on 14 December 2007, 100,000 ordinary shares on 22 January 2008 and 1,000,000 ordinary shares on 17 March 2008 (2007: 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).

Consolidated Balance Sheet

Note		As at 30 Sept 2008 £'000	As at 30 Sept 2008 £'000	As at 30 Sept 2007 £'000	As at 30 Sept 2007 £'000
	Non-Current Assets				
12	Investments held at fair value:				
	Unlisted and listed		**514,249**		633,311
	Floating rate notes		**276,467**		299,437
			790,716		932,748
	Current Assets				
13	Trade and other receivables	**3,043**		16,189	
	Cash and cash equivalents	**43,791**		16,948	
		46,834		33,137	
	Current Liabilities				
14	Trade and other payables	**8,424**		19,584	
	Net Current Assets		**38,410**		13,553
	Total Assets less Current Liabilities		**829,126**		946,301
15	Bank loans		**158,870**		160,699
			670,256		785,602
22	Deferred tax	**12,317**		12,701	
23	Provision for liabilities and charges	**16,990**		27,395	
	Non-Current Liabilities		**29,307**		40,096
	Net Assets		**640,949**		745,506
	Capital and Reserves				
17	Called-up share capital		**8,899**		9,313
18	Share premium	**24,147**		24,147	
18	Capital redemption reserve	**34,376**		33,962	
18	Translation reserve	**1,034**		597	
18	Realised capital profits	**834,672**		792,960	
18	Unrealised capital losses	**(274,072)**		(141,573)	
18	Revenue reserves	**11,893**		26,100	
			632,050		736,193
	Total Equity Shareholders' Funds		**640,949**		745,506
	Net Asset Value per Ordinary Share		**1,800.64p**		2,001.21p
	Ordinary Shares in issue 30 September		**35,595,687**		37,252,687

The notes on pages 44 to 69 are an integral part of the financial statements.

Balance Sheet

Note		As at 30 Sept 2008 £'000	As at 30 Sept 2008 £'000	As at 30 Sept 2007 £'000	As at 30 Sept 2007 £'000
	Non-Current Assets				
12	Investments held at fair value:				
	Subsidiary undertakings		**290,548**		322,926
	Unlisted and listed		**130,154**		153,672
	Floating Rate Notes		**276,467**		299,437
			697,169		776,035
	Current Assets				
13	Trade and other receivables	**6,217**		18,993	
	Cash and cash equivalents	**42,920**		16,398	
		49,137		35,391	
	Current Liabilities				
14	Trade and other payables	**63,784**		27,961	
	Net Current (Liabilities)/Assets		**(14,647)**		7,430
			682,522		783,465
22	Deferred tax	**11,751**		11,751	
23	Provision for Liabilities and Charges	**16,990**		27,395	
	Non Current Liabilities		**28,741**		39,146
			653,781		744,319
	Capital and Reserves				
17	Called-up share capital		**8,899**		9,313
18	Share premium	**24,147**		24,147	
18	Capital redemption reserve	**34,376**		33,962	
18	Realised capital profits	**844,266**		805,203	
18	Unrealised capital losses	**(260,585)**		(143,021)	
18	Revenue reserve	**2,678**		14,715	
			644,882		735,006
	Total Equity Shareholders' Funds		**653,781**		744,319

The notes on pages 44 to 69 are an integral part of the financial statements.

The Accounts on pages 38 to 69 were approved by the Directors on 4 December 2008 and were signed on their behalf by:

Sir Brian Williamson, *Chairman*

Consolidated Cash Flow Statement

For the year ended 30 September	£'000	2008 £'000	£'000	2007 £'000
Operating Activities				
Purchases of investments	**(345,270)**		(353,116)	
Amounts paid under incentive schemes	**(31,808)**		(28,641)	
Sales of investments	**459,825**		415,782	
Dividends and distributions received	**2,514**		2,221	
Other investment income received	**22,376**		26,073	
Interest income received	**2,559**		2,098	
Other income received	**297**		297	
Expenses paid	**(16,580)**		(14,638)	
Taxation paid	**(3,295)**		(6,574)	
Net Cash Inflow from Operating Activities		**90,618**		43,502
Financing Activities				
Bank loans drawn	**55,466**		126,932	
Bank loans repaid	**(75,599)**		(123,109)	
Purchase of own shares	**(26,492)**		(22,304)	
Finance costs	**(7,583)**		(9,792)	
Other finance costs	**(338)**		(471)	
Dividend paid	**(9,149)**		(6,375)	
Net Cash Outflow from Financing Activities		**(63,695)**		(35,119)
Changes in cash and cash equivalents		**26,923**		8,383
Cash and cash equivalents at 1 October		**16,948**		9,875
Translation difference		**(80)**		(1,310)
Cash and Cash Equivalents at 30 September		**43,791**		16,948

Cash Flow Statement

For the year ended 30 September	£'000	2008 £'000	£'000	2007 £'000
Operating Activities				
Purchases of investments	**(357,253)**		(247,632)	
Amounts paid under incentive scheme	**(31,808)**		(28,641)	
Sales of investments	**426,156**		402,512	
Dividends and distributions received	**2,514**		2,253	
Other investment income received	**21,885**		21,189	
Interest received	**2,540**		2,097	
Other income received	**297**		297	
Expenses paid	**(15,723)**		(12,816)	
Taxation paid	**(3,641)**		(5,414)	
Net Cash Inflow from Operating Activities		**44,967**		133,845
Financing Activities				
Purchase of own shares	**(26,492)**		(22,304)	
Loans received	**–**		13,153	
Intercompany loans	**17,614**		(109,792)	
Other finance costs	**(338)**		(471)	
Dividend paid	**(9,149)**		(6,375)	
Net Cash Outflow from Financing Activities		**(18,365)**		(125,789)
Changes in cash and cash equivalents		**26,602**		8,056
Cash and cash equivalents at 1 October		**16,398**		8,957
Translation difference		**(80)**		(615)
Cash and Cash Equivalents at 30 September		**42,920**		16,398

Basis of Accounting

The Accounts for the year ended 30 September 2008 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 2008.

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 2008.

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. These included IFRS 7 "Financial Instruments: Disclosures", and the complementary Amendment to IAS 1: "Presentation of the Financial Statements – Capital Disclosures"

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	(Revised) – presentation of Financial Statements: Items of Income and Expenses	1 January 2009
IAS 23	(Revised) – Borrowing Costs	1 January 2009
IFRS3	(Revised) – Business Combinations	1 July 2009
IAS27	(Revised) – Consolidated and Separate Financial Statements	1 July 2009
IFRS 8	Operating Segments	1 January 2009

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 near wholly owned investment holding limited partnerships set up by the Company through which investments are made and through which external borrowings for investment purposes are raised. These are set out in Note 20. The holdings in investment holding limited partnerships and wholly owned investment holding companies are 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. These investment holding limited partnerships and wholly owned investment holding companies are considered to be controlled by the Company under the interpretation of SIC 12 'Special Purpose Entities' as the Company enjoys predominantly all the risks and rewards from their activities. These are distinct from the investments held by the special purpose entities described below.

Investments

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 of the investment holding limited partnerships 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.

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") values investments at Fair Value at the reporting date, in accordance with IAS 39.

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

(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, subject to consideration of changes in market conditions and company specific factors. Other methodologies, as detailed above, may be used at any time if this is deemed to provide a more accurate assessment of the Fair Value of the investment.

The 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

Limited partnership funds are those set up by a third party where the Company does not hold a majority share and are at fair value. Typically using the third party manager's valuation.

(v) Floating Rate Notes

Floating rate notes are at the current fair value of the note.

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 interest rate basis.

Priority Profit Share

The majority of the investments are made by the Company through investment holding limited partnerships managed by Electra Partners. Under the terms of the relevant 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 partnerships, an amount equivalent to its priority profit share. In periods in which the investment holding limited partnerships 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 IAS 39. Judgement is required in order to determine the appropriate valuation methodology under this standard 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.

Notes to the Accounts

1 Segmental Analysis

For the year ended 30 September	UK & Continental Europe £'000	Americas £'000	Far East £'000	2008 Total £'000	UK & Continental Europe £'000	Americas £'000	Far East £'000	* Restated 2007 Total £'000
Net (Loss)/Gain on Investments								
Realised and unrealised capital (loss)/gain on investments *	**(5,549)**	**(11,976)**	**(29,013)**	**(46,538)**	163,875	41,317	22,197	227,389
Portfolio investment income	**26,030**	**158**	**–**	**26,188**	33,696	269	455	34,420
	20,481	**(11,818)**	**(29,013)**	**(20,350)**	197,571	41,586	22,652	261,809
Realised and unrealised capital (loss)/ gain on foreign currency	**(5,448)**	**(12,936)**	**–**	**(18,384)**	(1,281)	8,918	–	7,637
	15,033	**(24,754)**	**(29,013)**	**(38,734)**	196,290	50,504	22,652	269,446
Other income				**12,413**				2,394
Incentive schemes *				**(9,496)**				(57,306)
Priority profit share				**(13,435)**				(12,350)
Other expenses				**(8,381)**				(8,240)
Net (Loss)/Profit before Finance Costs and Taxation				**(57,633)**				193,944
Finance costs				**(7,921)**				(8,859)
(Loss)/Profit on Ordinary Activities before Taxation				**(65,554)**				185,085
Portfolio Additions and Sales								
Purchases at cost	**353,985**	**4,743**	**–**	**358,728**	340,916	9,795	–	350,711
Disposal proceeds	**414,549**	**44,634**	**–**	**459,183**	411,184	16,640	–	427,824
Balance Sheet								
Investments held at fair value	**725,618**	**37,012**	**28,086**	**790,716**	820,116	63,535	49,097	932,748

* Electra has historically deducted amounts due under incentive schemes in calculating net gains on investments. These amounts have now been reclassified and disclosed separately in the Consolidated Income Statement, in order to be consistent with the gross presentation in the Consolidated Balance Sheet. This reclassification is presentational only and has no effect on net profit on ordinary activity before taxation, return attributable to equity shareholders or the net assets of Electra.

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	2008 £'000	£'000	2007 £'000
Income of the Investment Trust				
UK Dividend Income from Non-current Assets				
Unlisted – UK	**1,723**		284	
Listed – UK	**1,153**		–	
Partnership interests – UK *	**–**		1,941	
		2,876		2,225

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

2 Net Revenue Gain On Investments Held at Fair Value continued

For the year ended 30 September	£'000	2008 £'000	£'000	2007 £'000
Income of the Investment Trust continued				
Other Investment Income from Non-current Assets				
Unlisted – UK	**22,819**		18,119	
Unlisted – overseas	**493**		450	
Partnership interests – UK *	**–**		10,409	
		23,312		28,978
Net Income of Subsidiary Undertakings				
Other Investment Income from Non-current Assets				
Unlisted – UK	**–**		3,217	
		–		3,217
		26,188		34,420

* 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	2008 £'000	£'000	2007 £'000
Interest and Other Income				
Bank interest income	**2,503**		1,940	
Other income	**297**		297	
		2,800		2,237
Interest Receivable and Other Income				
Other interest	**57**		157	
		57		157
		2,857		2,394

4 Expenses

	Year to 30 Sept 2008 £'000	Year to 30 Sept 2007 £'000
Priority profit share paid to General Partners	**13,435**	12,350

4 Expenses continued

For the year ended 30 September	2008 Revenue £'000	2008 Capital £'000	2007 Revenue £'000	2007 Capital £'000
Other Expenses				
Administrative expenses	**1,579**	**–**	1,883	–
Income reversals	**6,074**	**–**	–	–
Directors' remuneration (see Note 5)	**330**	**–**	336	–
Auditors' remuneration	**398**	**–**	483	–
Capital foreign exchange movements	**–**	**–**	–	5,538
	8,381	**–**	2,702	5,538

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 £68,000 (2007: £52,000) was earned by PricewaterhouseCoopers LLP, USA in relation to taxation advisory and compliance services.

	Year to 30 Sept 2008 £'000	Year to 30 Sept 2007 £'000
Audit fees		
Statutory audit of the company	**209**	216
Audit of subsidiary companies	**40**	42
Tax and compliance	**83**	85
	332	343
Advisory services		
Audit related regulatory reporting	**57**	120
Further assurance services	**9**	20
Auditors' Remuneration	**398**	483

5 Directors' Remuneration

	Year to 30 Sept 2008 £'000	Year to 30 Sept 2007 £'000
Chairman's remuneration for year	**150**	150
Directors' fees	**180**	186
	330	336
Emoluments		
Chairman and highest paid Director:	**150**	150

5 Directors' Remuneration continued

The Board of Directors are considered to be the Key Management Personnel. For further details see Directors' Remuneration Report on page 29.

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 (2007: none) waived remuneration.

6 Employees (Excluding Directors)

The Company has no employees (2007: none).

7 Finance Costs

	Year to 30 Sept 2008 £'000	Year to * 30 Sept 2007 £'000
Loans Repayable between One and Two Years		
Interest on Bank loan	**7,583**	9,530
Loan commitment fees	**338**	470
	7,921	10,000
Other interest	**–**	(1,141)
	7,921	8,859

* (2007: Loans repayable between one and three 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 £3,799,000 arose in the year to 30 September 2008 (2007: £10,756,000). Corporation tax at 29% (2007: 30%).

The actual tax charge reconciles to the tax charge on revenue before tax based on the standard rate of corporation tax of 29% (2007: 30%) as follows:

For the year ended 30 September	Revenue £'000	Capital £'000	2008 Total £'000	Revenue £'000	Capital £'000	2007 Total £'000
(a) UK Corporation Tax						
Current tax	**3,681**	**–**	**3,681**	4,262	–	4,262
Adjustment in respect of prior periods	**681**	**–**	**681**	(646)	(4,266)	(4,912)
Overseas tax adjustments in respect of prior periods	**4**	**(241)**	**(237)**	8	(111)	(103)
	4,366	**(241)**	**4,125**	3,624	(4,377)	(753)
Deferred tax overseas	**–**	**(326)**	**(326)**	–	11,509	11,509
Tax Charge	**4,366**	**(567)**	**3,799**	3,624	7,132	10,756

8 Taxation on Ordinary Activities continued

For the year ended 30 September	Revenue £'000	Capital £'000	2008 Total £'000	Revenue £'000	Capital £'000	2007 Total £'000
(b) Factors Affecting the Tax Charge for the Year						
Profit on ordinary activities before taxation	**(692)**	**(64,862)**	**(65,554)**	12,903	172,182	185,085
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 29% (2007: 30%)	**(201)**	**(18,810)**	**(19,011)**	3,871	51,655	55,526
Effects of:						
Prior year adjustments	**681**	**–**	**681**	(646)	–	(646)
Overseas prior year adjustments	**4**	**(241)**	**(237)**	8	(111)	(103)
Dividend income	**(834)**	**–**	**(834)**	(85)	–	(85)
Disallowable expenses	**67**	**–**	**67**	79	–	79
Priority profit share of partnership income appropriated by General Partners	**3,896**	**(3,896)**	**–**	–	–	–
Brought forward losses utilised	**–**	**–**	**–**	–	(181)	(181)
Current losses utilised	**540**	**(540)**	**–**	390	(390)	–
Capital allowances	**(2)**	**–**	**(2)**	(2)	–	(2)
Unutilised losses arising in the year	**27**	**–**	**27**	9	–	9
Deferred tax overseas	**–**	**(326)**	**(326)**	–	11,509	11,509
Subsidiary current tax	**221**	**–**	**221**	–	–	–
Adjustment of taxes for previous periods	**–**	**–**	**–**	–	(4,266)	(4,266)
Transaction fees	**(33)**	**33**	**–**	–	–	–
Capital profits not chargeable due to Investment Trust status	**–**	**23,213**	**23,213**	–	(51,084)	(51,084)
Tax charge	**4,366**	**(567)**	**3,799**	3,624	7,132	10,756

9 Dividends

For the year ended 30 September	2008 £'000	2007 £'000
Dividends paid in the period	**9,149**	6,375
Dividends paid per share	**25p**	17p

A special dividend of 25p per ordinary share was paid during the year ended 30 September 2008. Based on the outstanding number of ordinary shares at the date of the dividend payment, of 36,595,687 a final payment of £9,149,000 was made. The Directors are not proposing a special dividend in respect of the financial year ended 30 September 2008.

10 Revenue Return Attributable to Equity Shareholders

The Revenue Return attributable to shareholders includes a loss of £2,888,000 (2007: profit of £12,156,000) which has been dealt with in the Accounts of the Company.

11 Earnings Per Share

	2008 p	2007 p
Revenue return per ordinary share	**(13.98)**	24.60
Capital return per ordinary share	**(177.69)**	437.49
Earnings per ordinary share (basic and diluted)	**(191.67)**	462.09

The calculation of revenue return per share is based on the revenue losses attributable to shareholders of £5,058,000 (2007: profit £9,279,000) on a weighted average number of 36,184,369 (2007: 37,726,906) ordinary shares of 25p in issue. The calculation of capital return per share is based on the capital loss attributable to ordinary shareholders of £64,295,000 (2007: profit £165,050,000) on a weighted average number of 36,184,369 (2007: 37,726,906) 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 2008 £'000	30 Sept 2007 £'000	**30 Sept 2008 £'000**	30 Sept 2007 £'000
Subsidiary Undertakings at Fair Value				
Unlisted – UK and Continental Europe	**–**	–	**1,319**	1,345
Unlisted – USA and other	**–**	–	**6,085**	6,634
Investment partnerships – UK and Continental Europe	**–**	–	**249,255**	251,689
Investment partnerships – USA and other	**–**	–	**33,889**	63,258
	–	–	**290,548**	322,926

For the year ended 30 September for the Group

			2008			2007
	Valuation £'000	**Accrued Income £'000**	**Total £'000**	Valuation £'000	Accrued Income £'000	Total £'000
Unlisted at Fair Value						
UK and Continental Europe	**277,995**	**7,564**	**285,559**	358,227	12,405	370,632
UK floating rate notes	**274,252**	**2,215**	**276,467**	297,004	2,433	299,437
USA and Other	**4,171**	**–**	**4,171**	86,622	802	87,424
Partnership interests – UK and Continental Europe	**102,266**	**–**	**102,266**	73,360	–	73,360
Partnership interests – USA and other	**24,412**	**–**	**24,412**	25,208	–	25,208
	683,096	**9,779**	**692,875**	840,421	15,640	856,061
Listed at Fair Value						
UK, Continental Europe and other	**96,371**	**1,470**	**97,841**	76,475	212	76,687
	779,467	**11,249**	**790,716**	916,896	15,852	932,748

12 Non-Current Assets continued

For the year ended 30 September for the Company			2008			2007
	Valuation £'000	Accrued Income £'000	Total £'000	Valuation £'000	Accrued Income £'000	Total £'000
Unlisted at Fair Value						
UK and Continental Europe	**32,306**	**–**	**32,306**	21,597	572	22,169
UK floating rate notes	**274,252**	**2,215**	**276,467**	297,004	2,433	299,437
USA and other	**–**	**–**	**–**	20,177	–	20,177
Partnership interests – UK and Continental Europe	**63,098**	**–**	**63,098**	51,867	–	51,867
Partnership interests – USA and other	**17,519**	**–**	**17,519**	25,208	–	25,208
	387,175	**2,215**	**389,390**	415,853	3,005	418,858
Listed at Fair Value						
UK, Continental Europe and other	**17,143**	**88**	**17,231**	34,207	44	34,251
	404,318	**2,303**	**406,621**	450,060	3,049	453,109

Investments Held at Fair Value

For the year ended 30 September 2008			Group			Company
	Valuation £'000	Accrued Income £'000	Total £'000	Valuation £'000	Accrued Income £'000	Total £'000
Valuation at 1 October 2007						
Investments	**916,896**	**–**	**916,896**	**772,986**	**–**	**772,986**
Accrued income at 1 October 2007	**–**	**15,852**	**15,852**	**–**	**3,049**	**3,049**
	916,896	**15,852**	**932,748**	**772,986**	**3,049**	**776,035**
Purchases	**358,726**	**–**	**358,726**	**370,805**	**–**	**370,805**
	1,275,622	**15,852**	**1,291,474**	**1,143,791**	**3,049**	**1,146,840**
Accrued income realised	**–**	**5,107**	**5,107**	**–**	**2,753**	**2,753**
Disposals	**380,383**	**–**	**380,383**	**348,373**	**–**	**348,373**
	380,383	**5,107**	**385,490**	**348,373**	**2,753**	**351,126**
Increase in accrued income provision	**–**	**504**	**504**	**–**	**2,327**	**2,327**
Decrease in valuation	**(115,772)**	**–**	**(115,772)**	**(100,872)**	**–**	**(100,872)**
Valuation at 30 September 2008	**779,467**	**11,249**	**790,716**	**694,546**	**2,623**	**697,169**
Cost at 30 September 2008	**997,640**	**–**	**997,640**	**879,798**	**–**	**879,798**

13 Trade and Other Receivables – Current

	Group		Company	
	30 Sept 2008 £'000	30 Sept 2007 £'000	**30 Sept 2008 £'000**	30 Sept 2007 £'000
Sales for future settlement	**–**	13,552	**–**	13,552
Taxation recoverable	**872**	1,354	**–**	36
Amounts owed by subsidiary undertakings	**–**	–	**4,667**	4,129
Other debtors	**2,171**	1,283	**1,550**	1,276
	3,043	16,189	**6,217**	18,993

14 Trade and Other Payables – Current

	Group		Company	
	30 Sept 2008 £'000	30 Sept 2007 £'000	**30 Sept 2008 £'000**	30 Sept 2007 £'000
Amounts Falling Due within One Year				
Amounts owed to subsidiary undertakings	**–**	–	**58,288**	11,599
Corporation tax	**1,744**	1,041	**1,522**	1,041
Overseas taxation	**1,603**	1,603	**1,603**	1,603
Other creditors	**5,077**	16,940	**2,371**	13,718
	8,424	19,584	**63,784**	27,961

15 Creditors

	Group		Company	
	30 Sept 2008 £'000	30 Sept 2007 £'000	**30 Sept 2008 £'000**	30 Sept 2007 £'000
Bank loan				
Due between one to two years (2007: one to three years)	**158,870**	160,699	**–**	–

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 4.53% (2007: 5.47%).

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, partnership interests and floating rate notes.
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, liquidity, capital 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.

The Group is exposed to the risk of the change in value of its fund investments, listed and unlisted equity and non-equity shares, fixed income securities and floating rate notes. For funds, listed investments and floating rate notes the market risk variable is deemed to be the price itself. For unlisted equity and non-equity shares the market risk is deemed to be the price/earnings ratio. The impact on profit or loss after tax and on shareholders' equity, in absolute and percentage terms of those figures, due to movements in these variables, is set out in part (ii) of this Note.

Credit Risk

The Group's exposure to credit risk principally arises from its investment in floating rate notes and its cash deposits. Only major clearance houses are used when making cash deposits and the level of cash versus floating rate notes is reviewed on a regular basis.

A well diversified portfolio of floating rate notes is maintained with no more than 10% of gross assets held with any one institution. The total invested in floating rate notes was £274,252,000 with associated accrued interest of £2,215,000 (2007: £297,004,000 with associated interest of £2,433,000). The cost of this investment was £275,528,000 (2007: £297,390,000), the variance to valuation is in respect of deal related costs and market pricing. Cash held on deposit was principally with one UK bank and totalled £43,791,000 (2007: £16,948,000).

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 and the impact of the profit or loss after tax and on shareholders' equity of a 1.0% increase or decrease in interest rates, in absolute terms and as a percentage of those figures, are shown in part (iv) 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, fixed income securities and floating rate notes whilst the unlisted equity is intentionally illiquid. Short-term flexibility is achieved through the revolving loan facility, floating rate notes which are relatively liquid and cash which is available on demand.

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

Capital Risk Management

The Group's objective in the management of capital risk is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure. In doing so the Group may adjust the amount of dividends paid to shareholders (whilst remaining within the restrictions imposed by its investment trust status), return capital to shareholders, change level of borrowing in the £250,000,000 committed multi-currency revolving credit facility or issue new shares. During the year the Group paid a special dividend of £9,149,000 (2007: £6,375,000). In order to be able to pay dividend out of profits available for distribution the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

The Group continued to pursue an active share buy-back policy and to return value to shareholders, manage the levels of cash deposits held whilst maintaining sufficient liquidity for investments. This amounted to £26,492,000 (2007: £22,304,000) during the period.

The £250,000,000 committed multi-currency revolving credit facility was drawn down such that a balance of £158,870,000 was outstanding at the year end (2007: £160,699,000). The loan is repayable on 27 September 2010. The level of outstanding borrowings is reviewed on an ongoing basis taking into account the need to buy back shares, future levels of investment and any foreign currency hedging concerns.

16 Financial Instruments continued

The Group's capital at 30 September 2008 comprises:

	30 Sept 2008 £'000	30 Sept 2007 £'000
Debt		
Borrowing under the credit facility	**158,870**	160,699
Equity		
Equity share capital	**8,899**	9,313
Retained earnings and other reserves	**632,050**	736,193
	640,949	745,506
Total capital	**799,819**	906,205
Debt as a percentage of total capital	**19.9%**	17.7%

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 44.

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. The ratio of loans held in US Dollar and Euro is under regular review in order to partially hedge as efficiently as possible.

Foreign currency exposures and the impact on profit after tax on shareholders equity of 10% increases and decreases in the value of US Dollar and Euros, in absolute terms and as a percentage of those figures are analysed in part (iii) of this Note.

(ii) Market Price Exposure

	2008 Increase in variable £'000	2008 Decrease in variable £'000	2007 Increase in variable £'000	2007 Decrease in variable £'000
10% movement in price of fund, listed investments, floating rate notes* and price/earings ratio for unlisted investments †				
Impact on profit after tax	**75,249**	**(73,269)**	77,832	(115,103)
Impact as a percentage of profit after tax	**108.5%**	**(105.6)%**	44.7%	(66.0)%
Impact on shareholders' equity	**75,249**	**(73,269)**	77,832	(115,103)
Impact as a percentage of shareholders' equity	**11.7%**	**(11.4)%**	10.4%	(15.4)%

* 1% movement on floating rate notes.

† For individual unlisted investments a marketability discount is applied (see page 46). Changes in such discounts to reasonably possible alternatives would not significantly change fair values.

(iii) 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 2008.

Currency As at 30 September	Foreign currency monetary assets 2008 £'000	Foreign currency monetary assets 2007 £'000	Foreign currency monetary liabilities 2008 £'000	Foreign currency monetary liabilities 2007 £'000	Net foreign currency monetary assets 2008 £'000	Net foreign currency monetary assets 2007 £'000
US Dollar	**129,791**	216,022	**(52,803)**	(115,466)	**76,988**	100,556
Euro	**165,123**	101,011	**(106,067)**	(45,233)	**59,056**	55,778
Total	**294,914**	317,033	**(158,870)**	(160,699)	**136,044**	156,334

16 Financial Instruments continued

Currency	2008 Increase in variable £'000	2008 Decrease in variable £'000	2007 Increase in variable £'000	2007 Decrease in variable £'000
10% Movement in Euro				
Impact on profit after tax	**(2,840)**	**3,498**	(5,418)	6,622
Impact as a percentage of profit after tax	**(4.1)%**	**5.0%**	(3.1)%	3.8%
Impact on shareholders' equity	**(2,840)**	**3,498**	(5,418)	6,622
Impact as a percentage of share holders' equity	**(0.4)%**	**0.5%**	(0.7)%	0.9%
10% Movement in US Dollar				
Impact on profit after tax	**(5,613)**	**8,167**	(7,904)	9,542
Impact as a percentage of profit after tax	**(8.1)%**	**11.8%**	(4.5)%	5.5%
Impact on shareholders' equity	**(5,613)**	**8,167**	(7,904)	9,542
Impact as a percentage of shareholders' equity	**(0.9)%**	**1.3%**	(1.1)%	1.3%

(iv) 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 2008.

Currency As at 30 September 2008	Total £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets on which no interest is earned £'000
Sterling	**539,593**	**326,911**	**119,030**	**93,652**
US Dollar	**129,791**	**4,583**	**14,446**	**110,763**
Euro	**165,123**	**716**	**–**	**164,407**
Total	**834,507**	**332,210**	**133,476**	**368,821**

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

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

Currency As at 30 September	Fixed rate financial assets weighted average interest rate 2008 %	 2007 %	Fixed rate financial assets on which no interest is paid weighted average period until maturity 2008 years	 2007 years
Sterling	**14.0**	12.9	**–**	–
US Dollar	**15.0**	12.9	**–**	2
Euro	**11.9**	11.9	**–**	–

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

16 Financial Instruments continued

(iv) Interest Rate Risk Profile of Financial Assets and Liabilities continued

Financial Liabilities

The interest rate profile of the financial liabilities:

Currency As at 30 September	Floating rate financial liabilities 2008 £'000	 2007 £'000
US Dollar	**52,803**	115,466
Euro	**106,067**	45,233
Total loan	**158,870**	160,699
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 2008 the margin rate was 0.5% (2007: 0.5%). 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 4.53% (2007: 5.47%).

(v) Maturity of Financial Liabilities

The maturity profile of the Group's financial liabilities as at 30 September 2008 was:

As at 30 September	2008 £'000	2007 £'000
Between one and two years (2007: one and three years)	**158,870**	160,699

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.

	2008 Increase in variable £'000	 Decrease in variable £'000	2007 Increase in variable £'000	 Decrease in variable £'000
1% movement in interest rates				
Impact on interest income from cash	**449**	**(449)**	361	(361)
Impact on interest income on floating rate notes	**3,068**	**(3,068)**	3,219	(3,219)
Impact on interest payable on credit facility	**(1,781)**	**1,781**	(1,682)	1,682
Total impact on profit/(loss) after tax and shareholders' equity	**1,736**	**(1,736)**	1,898	(1,898)
Total impact as a percentage of profit/(loss) after tax	**2.5%**	**(2.5)%**	1.1%	(1.1)%
Total impact as a percentage of shareholders' equity	**0.3%**	**(0.3)%**	0.3%	(0.3)%

16 Financial Instruments continued

(vi) 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 2008 £'000	Fair Value 2007 £'000
Primary Financial Assets Held		
Equity shares	**369,388**	367,903
Non-equity shares	**17,324**	17,289
Fixed interest securities	**115,493**	220,402
Floating rate securities	**288,522**	327,154
Cash at bank and in hand	**43,780**	16,948
Primary Financial Liabilities held to Finance the Group's Operations		
Bank loans	**158,870**	160,699

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 2008 £'000	30 Sept 2007 £'000
Allotted, called-up and fully paid 35,595,687 (2007: 37,252,687) ordinary shares of 25p each	**8,899**	9,313
Unissued 164,404,313 (2007: 162,747,313) ordinary shares of 25p each	**41,101**	40,687
Authorised 200,000,000 ordinary shares of 25p each	**50,000**	50,000

During the year ended 30 September 2008, the Company purchased from shareholders 1,657,000 ordinary shares of 25p at prices between £15.50 and £16.40 per share. The cost of acquiring 1,657,000 ordinary shares of 25p including expenses of £155,000 amounted to £26,492,000.

18 Capital and Reserves

For the year ended 30 September 2008 for the Group

	Called-up share capital £'000	Share premium £'000	[1] Capital redemption reserve £'000	[2] Translation reserve £'000	[3] Realised capital profits/ (losses) £'000	[4] Unrealised capital (losses)/ profits £'000	[5] Revenue reserve £'000	Total Shareholders' funds £'000
Opening balance at 1 October 2007	9,313	24,147	33,962	597	792,960	(141,573)	26,100	745,506
Net revenue transferred to reserves	–	–	–	–	–	–	(5,058)	(5,058)
Dividend payment	–	–	–	–	–	–	(9,149)	(9,149)
Net profits on realisation of investments during the year	–	–	–	–	79,429	–	–	79,429
Increase in value of non-current investments	–	–	–	–	–	(125,632)	–	(125,632)
Increase in incentive provisions	–	–	–	–	–	(9,496)	–	(9,496)
Gains and losses on foreign currencies	–	–	–	437	(23,420)	14,591	–	(8,392)
Net fees	–	–	–	–	(334)	–	–	(334)
Unrealised net appreciation at 1 October 2007 on investments sold during the year	–	–	–	–	11,962	(11,962)	–	–
Repurchase of own shares	(414)	–	414	–	(26,492)	–	–	(26,492)
Tax liabilities on capital	–	–	–	–	567	–	–	567
At 30 September 2008	**8,899**	**24,147**	**34,376**	**1,034**	**834,672**	**(274,072)**	**11,893**	**640,949**

For the year ended 30 September 2007 for the Group

	Called-up share capital £'000	Share premium £'000	[1] Capital redemption reserve £'000	[2] Translation reserve £'000	[3] Realised capital profits/ (losses) £'000	[4] Unrealised capital (losses)/ profits £'000	[5] 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

1 The capital redemption reserve is established by the Group on the redemption or repurchase of its own shares.
2 The translation reserve consists of foreign exchange differences arising on retranslation of the equity and reserves of subsidiaries with functional currencies other than sterling.
3 The realised capital reserve recognises all realised profits that are capital in nature or have been allocated to capital.
4 The unrealised capital reserve recognises all unrealised profits that are capital in nature or have been allocated to capital.
5 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 2008 for the Company

	Called-up share capital £'000	Share premium £'000	[1] Capital redemption 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 2007	9,313	24,147	33,962	805,203	(143,021)	14,715	744,319
Net revenue transferred to reserves	–	–	–	–	–	(2,888)	(2,888)
Dividend payment	–	–	–	–	–	(9,149)	(9,149)
Net profits on realisation of investments during the year	–	–	–	77,269	–	–	77,269
Increase in value of non-current investments	–	–	–	–	(110,697)	–	(110,697)
Increase in incentive provisions	–	–	–	–	(9,496)	–	(9,496)
Gains and losses on foreign currencies	–	–	–	(23,583)	–	–	(23,583)
Net fees	–	–	–	(334)	14,591	–	14,257
Unrealised net appreciation at 1 October 2007 on investments sold during the year	–	–	–	11,962	(11,962)	–	–
Repurchase of own shares	(414)	–	414	(26,492)	–	–	(26,492)
Tax liabilities on capital	–	–	–	241	–	–	241
At 30 September 2008	**8,899**	**24,147**	**34,376**	**844,266**	**(260,585)**	**2,678**	**653,781**

For the year ended 30 September 2007 for the Company

	Called-up share capital £'000	Share premium £'000	[1] Capital redemption 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	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

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

19 Contingent Liabilities and Commitments

The Company has undertaken to invest up to a further US$19,195,000 (2007: US$11,506,000) 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 £100,898,000 (2007: £123,345,000).

At 30 September 2008 the Company had uncalled commitments of £1,446,000 to a limited partnership fund advised by Electra Partners (2007: £2,259,000).

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 22.

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.

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 continued

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

Electra Private Equity Partners (Scotland)

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 2007 £'000	**Carrying value at 30 Sept 2008 £'000**	**Cost 30 Sept 2008 £'000**
Abbey National	44,996	**24,930**	**25,013**
Accrued income	377	**257**	
Floating rate notes 100.0%			
Allflex Holdings III	41,190	**45,629**	**40,778**
Class 'A' common stock 1.9%			
Class 'G' common stock 100.0%			
A Warrants 98.8%			
Loan notes 100.0%			
Amtico Holdings	20,507	**12,689**	**22,275**
Accrued income	–	**1,886**	
Ordinary shares 18.4%			
Mezzanine loan 100.0%			
Unsecured deep discount bond 24.5%			
Bank of Ireland	35,005	**19,970**	**20,015**
Accrued income	259	**113**	
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 2007 £'000	Carrying value at 30 Sept 2008 £'000	Cost 30 Sept 2008 £'000
Barclays Bank	52,000	**24,893**	**25,013**
Accrued income	218	**274**	
Floating rate notes 100.0%			
Baxi Holdings	15,332	**11,174**	**22,454**
Accrued income	6,926	**853**	
Ordinary shares 9.9%			
Unsecured deep discount bond 9.9%			
Candover Investments	19,836	**18,649**	**3,751**
Accrued income	211	**209**	
Ordinary shares 3.4%			
Capital Safety Group III	17,763	**16,135**	**17,586**
A PECs 13.5%		**105**	
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%			
Dinamia (Spain)	19,947	**13,198**	**11,274**
Ordinary shares 10.4%			
HBOS	45,000	**54,855**	**50,018**
Accrued income	93	**318**	
Floating rate notes 100.0%			
Labco	–	**23,536**	**23,607**
C Ordinary shares 4.6%			
Lil-lets Group	26,036	**21,412**	**21,412**
Accrued income	3,168	**3,279**	
Ordinary shares 44.6%			
'B' Ordinary shares 100.0%			
Warrants 44.7%			
Unsecured loan notes 96.3%			
Lloyds TSB	15,000	**49,755**	**50,035**
Accrued income	225	**652**	
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 2007 £'000	**Carrying value at 30 Sept 2008 £'000**	**Cost 30 Sept 2008 £'000**
London Stamford Properties	–	**19,800**	**19,800**
Accrued income		**317**	
B Ordinary shares 7.0%			
Moser Baer (India)	28,000	**12,972**	**1,900**
Ordinary shares 6.0%			
Nationwide Building Society	25,000	**44,958**	**45,023**
Accrued income	247	**258**	
Floating rate notes 100.0%			
Nuaire	33,770	**22,691**	**23,405**
Ordinary shares 100.0%			
'A' Ordinary shares 56.4%			
'B' Ordinary shares 100.0%			
'C' Ordinary shares 22.2%			
Series 'A' loan notes 66.4%			
Series 'B' loan notes 38.3%			
PINE Unit Trust	12,210	**9,900**	**13,750**
Income units 98.4%			
Capital units 98.4%			
Premier Asset Management	33,108	**10,329**	**32,642**
Accrued income	293	**–**	
Ordinary shares 37.1%			
Preference shares 37.1%			
Junior debt facility 100.0%			
Promontoria/Forthpanel	6,541	**27,683**	**16,481**
'B' Ordinary shares 10.0%			
Loan notes 10.4%			
Royal Bank of Scotland	–	**54,892**	**55,028**
Accrued income		**342**	
Floating rate notes 100.0%			
SAV Credit	5,000	**7,844**	**22,706**
'A' Preferred shares 100.0%			
Mezzanine Loan 100.0%			
C Fixed preference shares 26.8%			
Vasanta	62,532	**29,197**	**40,530**
'A' Ordinary shares 21.7%			
'B' Ordinary shares 100.0%			
Warrants 100.0%			
Shareholder loan notes 89.8%			

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 2007 £'000	**Carrying value at 30 Sept 2008 £'000**	**Cost 30 Sept 2008 £'000**
Volution (Vent-Axia)	16,000	**15,840**	**15,840**
Accrued income	825	**903**	
Mezzanine loan 45.7%			
Senior loan 47.1%			

21 Related Party Transactions

Certain members of Electra Partners (the "participants") are entitled under various limited partnership agreements to benefit from carried interest and co-investment arrangements. 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 2008 the participants received £37,762,000 (2007: £1,170,000) and are entitled to receive an additional amount of £nil (2007: £28,244,000) under these schemes and had unrealised gains of £8,144,000 (2007: £13,562,000). 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 2008 the participants received £nil (2007: £nil) under the scheme and had unrealised gains of £999,000 (2007: £992,000).

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 value at that date and a preferred return, after deduction of related priority profit share. During the year ended 30 September 2008 the participants received £10,110,000 (2007: £11,135,000) and had unrealised gains of £7,847,000 (2007: £12,842,000) 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 has received back its initial investment, a preferred return and a related priority profit share. During the year ended 30 September 2008 the participants received £nil (2007: £nil) and had unrealised gains of £nil (2007: £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 participated in the above schemes.

During the year ended 30 September 2007 Electra Partners exercised its option to cancel all priority profit share reductions by paying Electra the equivalent of the net present value of the remaining expected priority profit share reductions. 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 £14,608,000 for the year ended 30 September 2008 (2007: £nil). Net loans advanced by Electra Investments Limited to Electra were £28,342,000 (2007: loans advanced by Electra to Electra Investments Limited of £124,941,000). Interest of £3,383,000 (2007: £5,054,000) was paid on the outstanding balance.

Net loans for working capital and/or to clear intercompany balances were made from Albion (Electra) for £418,000 (2007: to Albion (Electra) for £746,000), to Booker Globe for £3,000 (2007: £nil), to Cloverdown Investments for £48,000 (2007: £nil), to Electra Holdings Inc for £257,000 (2007: from Electra Holdings Inc for £1,279,000), to Electra Property Inc for £282,000 (2007: £160,000), and to EUK for £10,000 (2007: £nil).

22 Deferred Tax

	Group		Company	
	30 Sept 2008 £'000	30 Sept 2007 £'000	**30 Sept 2008 £'000**	30 Sept 2007 £'000
Deferred tax overseas	**12,317**	12,701	**11,751**	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 2008 £'000**	**£'000**	**30 Sept 2008 £'000**
Incentive scheme provision				
At 1 October 2007	**27,395**		**27,395**	
Amounts paid and payable under incentive schemes	**(19,901)**		**(19,901)**	
		7,494		**7,494**
Incentive scheme provision				
Increase in incentive scheme provision		**9,496**		**9,496**
At 30 September 2008		**16,990**		**16,990**

Current and former executives of Electra Partners 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.

Board of Directors

Sir Brian Williamson CBE
Chairman
Sir Brian is a non-executive Director of HSBC Holdings, NYSE Euronext, and of Climate Exchange plc. 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. He is Chairman of the Audit Committee.

Ron Armstrong was appointed a Director in 1994.

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, Axa Framlington, London and Continental Railways and a member of the Ofcom board. She is also Chairman of the Council of Queen Mary, University of London.

Colette Bowe was appointed a Director in 2007.

Michael Walton *
Has over 35 years experience of the private equity industry having joined the Electra House Group in 1972 with responsibility for unlisted investments. He was a Director of the Company from 1981 to 1986. Subsequently he was Managing Director of Gartmore Private Capital from 1987 to 1996 and was a Director of NatWest Ventures and Bridgepoint Capital. Since 1997 he has been a Consultant at Bridgepoint Capital. He has served on the Council of the British Venture Capital Association. He is Chairman of the Valuations Committee.

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.

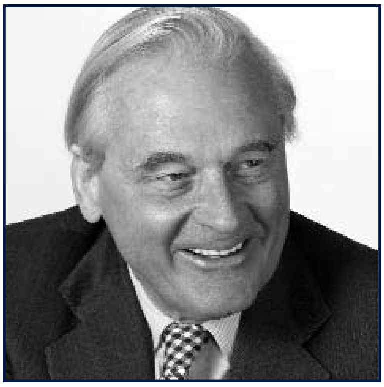
Lucinda Webber was appointed a Director in 2007.

Peter Williams
Peter Williams is a Director of Xenos Group, a software company listed on the Toronto Stock Exchange and several private companies. He was formerly Chairman of RPC Group plc, a Director of Reed International and Chief Executive of David S. Smith Holdings. He is Chairman of the Remuneration and Nomination Committee and has been nominated the Senior Independent Director under the Combined Code on Corporate Governance.

Peter Williams was appointed a Director in 1994

* Member of the Valuations Committee.

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






Left to right

Sir Brian Williamson CBE
Ronald Armstrong
Colette Bowe
Michael Walton
Lucinda Webber
Peter Williams

Information for Shareholders

Financial Calendar

Annual General Meeting	February 2009
Interim Management Statement	February and July 2009
Half-year Results announced	May 2009

Share Dealing Service

If you are not an existing shareholder
We recommend you seek your own personal financial advice from an appropriately qualified independent adviser or alternatively contact your own broker. Electra Private Equity's shares are listed on the London Stock Exchange as ELTA.

If you are an existing shareholder and wish to buy more/sell your shares in Electra
An internet and telephone dealing service has been arranged through Equiniti, which provides a simple way for UK shareholders of Electra to buy or sell Electra's shares. For full details and terms and conditions simple log onto www.shareview.co.uk/dealing or call 08456 037 037 between 8.00am and 4.30pm, Monday to Friday.

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

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

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

Analysis of Share Register as at 30 September 2008 taken from the Company's Share Register held by Equiniti Limited

	No of Shareholders	Holders within Type %	No of Shares	Issued Capital %
Nominee	983	20.88	30,716,952	86.29
Individuals	3,617	76.83	2,935,996	8.25
Public Limited Company	5	0.11	699,250	1.96
Limited Company	52	1.10	668,261	1.88
Other Organisation	45	0.96	526,441	1.48
Bank	2	0.04	44,546	0.13
Pension Fund	4	0.08	4,241	0.01
	4,708	100.00	35,595,687	100.00

Change of Address
Any change of address of a shareholder or other relevant amendment to shareholder details should be communicated to the Company's Registrar, Equiniti Limited at the address provided on page 76.

Share Price Information
The Company's share price can be found on the Company's website www.electraequity.com.

Ten Year Record

Ten Year Record of Net Assets, Share Price and Earnings

As at 30 September	Net Assets £'000	Net Asset Value per Share p	Basic Earnings per Share p	Dividends Paid per Share p	[1] Share Price as at 5 April per Share p	[1] Share Price as at 30 September per Share p
1999	[2] 987,460	950.77	(3.88)	–	715.0	836.0
2000	[3] 874,042	1,084.96	(19.12)	–	1,022.5	1034.0
2001	[4] 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	[5] 426,723	912.86	5.70	–	747.5	793.5
2005	[6] 520,883	1,197.22	64.09	–	931.0	1,113.0
2006	[7] 598,292	1,545.07	20.58	[8] 20.00	1,326.0	1,371.0
2007	[9] 745,506	2,001.21	24.60	[10] 17.00	1,605.0	1,680.0
2008	[11] 640,949	1,800.64	(13.98)	[12] 25.00	1,570.0	1,235.0

Notes

The net asset value per share for the years 1999 to 2004 above are as previously reported under UK GAAP. 2005 to 2008 have been prepared on an IFRS basis as explained in the Basis of Accounting.

1 Middle market price at close of business on 5 April or 30 September or, if appropriate, previous business day in each case.
2 During the year ended 30 September 1999 £544,222,000 was repaid to shareholders via a tender offer.
3 During the year ended 30 September 2000 £250,000,000 was repaid to shareholders via a tender offer.
4 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).
5 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).
6 During the year ended 30 September 2005 3,238,000 shares were repurchased for cancellation (cost: £29,677,000).
7 During the year ended 30 September 2006 4,785,000 shares were repurchased for cancellation (cost: £64,257,000).
8 Includes special dividend of 20.00p per share paid in March 2006.
9 During the year ended 30 September 2007 1,470,000 shares were repurchased for cancellation (cost: £22,304,000).
10 Includes special dividend of 17.00p per share paid in March 2007.
11 During the year ended 30 September 2008 1,657,000 shares were repurchased for cancellation (cost: £26,492,000).
12 Includes special dividend of 25.00p per share paid in March 2008.

iPEIT – Initiative for Private Equity Investment Trusts

Increasing Awareness and Understanding of Listed Private Equity through Research and Information

Electra is a founder member of iPEIT, a group of private equity investment trusts and similar vehicles listed on the London Stock Exchange and other major European stock markets, formed to raise awareness and increase understanding of what listed private equity is and how it enables all investors – not just institutions – to invest in private equity.

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

For further information visit www.ipeit.com.

Notice of Annual General Meeting

Notice is hereby given that the seventy-fourth Annual General Meeting of Electra Private Equity PLC will be held at 12.00 noon on Tuesday 3 February 2009 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 2008.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2008 which is set out in the Annual Report and Accounts of the Company for the year ended 30 September 2008.
3. To re-elect Mr RA Armstrong as a Director of the Company.
4. To re-elect Mr JP Williams as a Director of the Company.
5. To re-elect Sir Brian Williamson as a Director of the Company.
6. 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.
7. 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 Resolution as a Special Resolution:

8. 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 5,297,269 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 3 May 2010 or the conclusion of the Company's Annual General Meeting in 2010 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
4 December 2008

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 6GJ, 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 1 February 2009 ("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 In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:

(i) if a corporate shareholder has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

(ii) if more than one corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

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 Memorandum and Articles of Association of the Company; and

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

8 Short biographical details regarding Mr RA Armstrong, Mr JP Williams and Sir Brian Williamson are contained on page 70.

9 The total number of issued ordinary shares/voting rights in the Company on 4 December 2008, which is the latest practicable date before the publication of this document, is 35,338,687.

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

Contact Details

Board of Directors
Sir Brian Williamson CBE Chairman
Ronald Armstrong
Colette Bowe
Michael Walton
Lucinda Webber
Peter Williams

Manager
Electra Partners LLP
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB
Telephone +44 (0)20 7214 4200
www.electrapartners.com

Secretary and Registered Office
Philip Dyke
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB
Telephone +44 (0)20 7306 3883

Company Number
303062

Website details
www.electraequity.com

Registered Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants & Registered Auditors

Financial Adviser
Lazard

Registrar and Transfer Office
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone (UK) 0871 384 2351 *
Textel/Hard of hearing line (UK) 0871 384 2255 *
Telephone (Overseas) +44 121 415 7047

* Calls to these numbers are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.

Electra Private Equity PLC
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB
www.electraequity.com

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