draperesprit

Backing Europe's most ambitious entrepreneurs

Interim Results

for six months ended 30 September 2017

Draper Esprit plc

Draper Esprit is one of the most active venture capital firms in Europe, developing and investing in disruptive, high growth technology companies.
We believe the best entrepreneurial teams in Europe are capable of building the global businesses of the future.
We fuel their growth with long-term capital, access to international networks and decades of experience building businesses.

Interim Financial highlights

£162.8m

Gross Primary Portfolio value increased by 44% to £162.8 million (31 March 2017: £112.7 million). 22% fair value increase in the six-month period

£266.8m

Net Assets including goodwill, of £266.8 million (31 March 2017: £150.7 million)

372.0p

NAV per share of 372.0 pence (31 March 2017: 370.0p)

£100.0m

Additional capital raised of £100.0 million in plc (£95.3 million net) with £92.0 million cash on balance sheet at period end

£20.9m

Profit after tax of £20.9 million (31 March 2017: £33.2 million)

Operational highlights

- £26.5 million deployed by plc with a further £12.0 million from EIS/VCT funds into next generation opportunities.
- The Group has invested in 3 new and 6 existing portfolio companies.
- Gross Primary Portfolio fair value growth by 22%
- Core portfolio holdings have increased by 55%.
- £100.0 million additional capital raised from new and existing shareholders by plc and £35.0 million across the EIS and VCT funds
- Hired experienced Partner, Ben Tompkins who was formerly Managing Partner at Eden Ventures and technology investment banker at Broadview/Jeffries where he was co-head of the Global Software, Services and Media practise.

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STRATEGIC REPORT

CEO's Statement

During the six months ended 30 September 2017 the Company has continued its strong growth with a significant equity raise and further capital deployment in both our existing portfolio companies and exciting new additions.

Our key financial objective remains the delivery of significant returns to shareholders over the longer term by growing our Net Asset Value ("NAV"). We target a portfolio return of 20% per annum, underpinned by an average of 30% revenue growth in our core investee companies.

During the six-month reported period, we have again achieved this and beaten our target with a 22% return on our portfolio.

We have been actively investing throughout the reported period and across the Group we have made 3 new investments and 6 follow-on investments.

Alongside our financial growth we have continued to add to the investment team. We are delighted to welcome Ben Tompkins to the team. Ben is an experienced investor and was previously Managing Partner at Eden Ventures where he was responsible for investments in Green Man Gaming, New Voice Media, Borro, Huddle, and Reevoo, amongst others. Prior to Eden, Ben was a technology investment banker at Broadview/Jefferies where he was co-head of the Global Software, Services & Media practice.

Core to our strategy is building a robust and diverse portfolio of high growth digital businesses. We do this by: sourcing the best companies in their markets; increasing our stakes in the most promising companies emerging in our existing portfolio; and through sourcing the best secondary portfolios in the market.

Every investment made, whether primary, secondary or within our current portfolio is characterised by the same qualities: high gross margins, a position in their market with high potential for growth and being led by impressive European teams with global ambition.

In June of this year, the attractiveness of our evergreen strategy was again underlined when we raised a further £100.0 million (£95.3 million net of costs) from new and existing institutional shareholders. In addition to this, we have also raised a further £35.0 million across our EIS and VCTfunds. .

With significant resources to deploy, we are well-positioned as a bridge for institutional and retail capital to access high growth private technology companies and leading entrepreneurs across a range of digital sectors.

New investments and their markets

A key driver of the Group's performance is the careful way we choose the companies we partner with. We actively screen thousands of companies each year from across Europe, performing well-researched and data-led due diligence on each investment opportunity that we find.

This period has been no exception and we have been busy finding companies with truly global opportunities that can disrupt the markets in which they operate in and have the potential to exceed expectations with real upside. Notable new investments include:

- £3.8 million invested by the Company with a further £3.7 million invested by EIS/VCT funds in IESO digital health, the digital behavioural health business;
- £1.8 million invested by the Company with a further £1.7 million invested by the EIS/VCT funds in Premfina, the insure-tech business providing premium finance; and
- £3.0 million invested by the Company with a further £3.0 million invested by EIS/VCT funds in Verve, the leading platform for word-of-mouth sales software.

Digital health is a market in which we believe there is strong appetite from patients for change. It would be an understatement to say that the mental health industry is under pressure. 70% of Mental Health Trusts experienced an unsustainable increase in demand for their crisis teams in June, whilst waiting times to receive treatment continues to increase.

IESO digital health is transforming the way mental health is delivered through secure one-on-one evidence based cognitive behavioural therapy (CBT), enabling increased patient access. IESO has a strong clinical platform and scalable business model. IESO has served over 16,000 patients and we look forward to partnering with the company as it provides relief to customers globally.

Additionally, the Company led an oversubscribed US$36.0 million investment round alongside global investors Rakuten Capital, Thomvest Ventures and Rubicon Venture Capital in Premfina, a leading insure-tech business. Across the board, insure-tech start-ups raised almost US$1.7 billion last year. However, this is the first example of a company which has broken into the premium finance sector. With its platform, brokers receive higher profit, greater autonomy and opportunity to increase the lifetime value of their customers.

Finally, digital marketing is also an area where we have traditionally invested, having backed companies such as Grapeshot and Realeyes in the past. This year saw online marketing spend overtake traditional marketing, such as TV, as a proportion of global marketing budget, for the first time. Verve has a white-labelled product which enables brands to build advocates who can recommend the products they love to their friends for non-financial rewards. According to the McCarthy Group, 84% of millennials do not trust traditional advertising and the market for peer-to-peer marketing is fast growing. The company currently focuses on the entertainment industry but is now looking to broaden into new industry sectors.

Follow-on and secondary investments

Similarly, as a Group we have been actively supporting the growth of our existing portfolio companies and have made follow-on investments of £17.9 million by the Company with a further £3.5 million by EIS/VCT funds in several holdings. We have been increasing our stakes in the core and emerging companies in our portfolio, in line with our strategy of backing winners. These include both primary and secondary investments in the following:

- £5.6 million invested by the Company in Trustpilot;
- £3.5 million invested by the Company in Push Doctor with a further £3.5 million invested by the EIS/VCT funds;
- £6.6 million invested by the Company in Perkbox; and
- £1.8 million invested by the Company in Graphcore

We have now deployed £26.5 million by the Company and a further £12.0 million across EIS/VCT funds in the period. We are currently on track to invest £100.0 million of cash, targeting £60.0 million from our plc balance sheet over the course of this year.

Disposals

We had no significant disposals during the period, receiving £1.1 million from escrowed funds, held as a result of previous disposals. However, as high growth market leaders, companies in our portfolio are always exploring strategic options.

Seed funds

We have been busy building a Group which enables entrepreneurs to access capital at all stages of their funding lifecycle. Alongside our plc, EIS, VCT and Secondary funds, we are pleased to announce that post period end we recently announced a strategy to invest up to US$100.0 million over five years in Europe's best seed funds. Initial commitments have been made to invest in the latest funds of both Seedcamp and Episode 1 Ventures, widely recognised as the UK's leading seed fund platforms.

This strategy is underpinned by two principles. Firstly, by closely aligning Draper Esprit with the earlier stage seed fund ecosystem, we are well- positioned to provide growth capital to the best companies when they raise later rounds. Secondly, it enables us to unlock the strong performance of Europe's highest quality seed funds to the benefit of the plc shareholders.

Outlook

It has been another progressive six months for the Group; raising capital; investing in our team; supporting existing portfolio companies; and deploying significant capital in a number of new companies. We are establishing ourselves as a leading player on the European Venture Capital stage with significant resources to deploy.

By democratising the venture capital model and making our expertise accessible to a wider market, we are breaking new ground. We offer a partnership model with investors who otherwise would not have access to, or the capacity to actively manage these types of investments. The Placing and Subscription of £100.0 million is a validation of that model, attracting support from high profile new investors such as Invesco Perpetual and Hargreave Hale, as well as the strong existing shareholder base many of whom supported our IPO.

We set ourselves a financial benchmark of achieving 20% year on year growth in portfolio value in line with our historical record and are consistently achieving this. At the half year we have already delivered 22% growth in the portfolio and stand well positioned to deliver over the full year with significant cash balances remaining to deploy.

Importantly, we are retaining the ability to hold and grow our companies for longer than our non-listed competitors can and with larger sums available for later rounds to maximise the opportunity and build large successful European technology businesses. We continue to find exciting new opportunities as technology innovation shows no sign of slowing, and our recent seed funds initiative is helping to forge key relationships at the very earliest stages.

We are demonstrating that our model in action continues to work, with Net Asset Value growing substantially and we are on target to hit our expectations across all metrics for the year end.

We look forward with continued confidence and optimism.

Simon Cook
CEO

Portfolio review

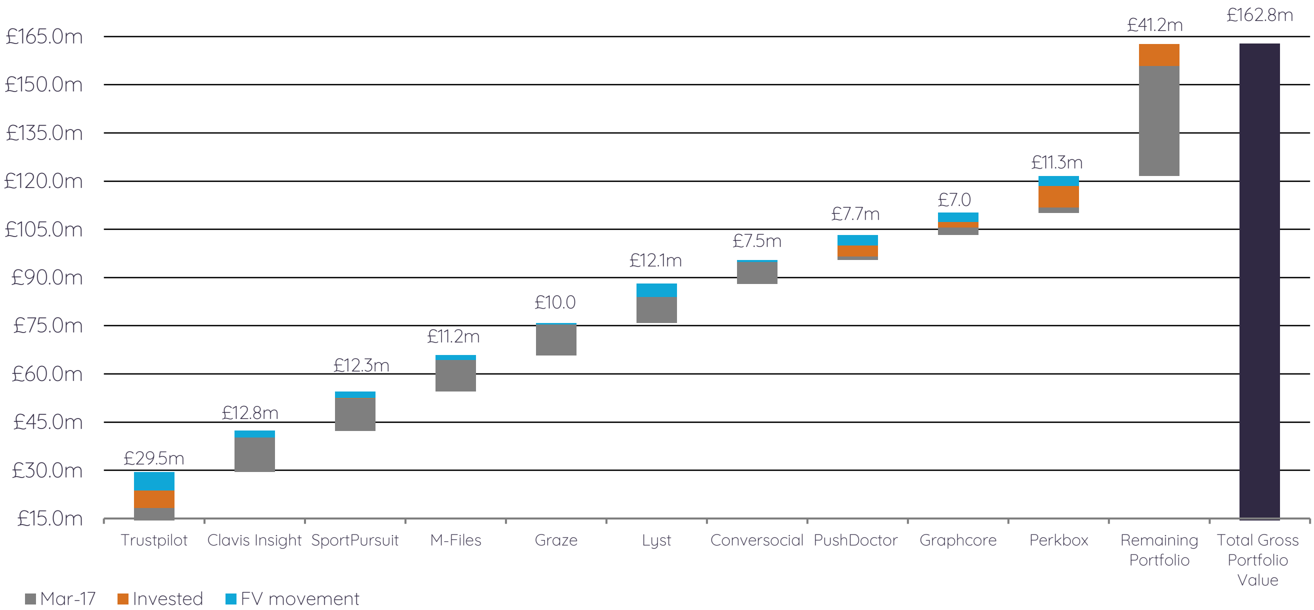
The Gross Primary Portfolio, the gross value of the Company's investment holdings before deductions for carry and any deferred tax, has increased £50.1m million to £162.8 million (£112.7 million at 31 March 2017). The 44% uplift reflects a 22% increase in the fair value of the portfolio and further investments of £26.5 million. The fair value increase of £24.2 million is driven by the revenue growth of the portfolio companies, Series B investment rounds in Push Doctor and Graphcore at higher valuations and further investments in Trustpilot and Perkbox which have increased the Company's participation in their continued growth.

After a further period of investment the current portfolio held by the plc consists of significant minority interests in 32 companies. Both Push Doctor and Graphcore have moved into core holdings to bring the number of core holdings, which account for ~75% of the total portfolio value, to ten. The remaining value is spread across 22 emerging investments which have the potential to grow into the core holdings of the future.

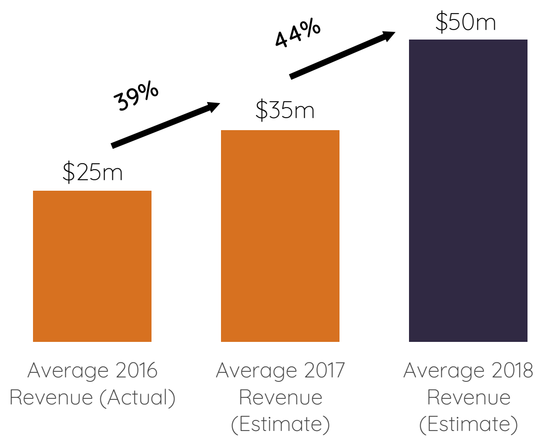
The core portfolio, comprising: Graze, Trustpilot, M-Files, Conversocial, Lyst, Sportpursuit, Clavis Insights, Perkbox, Push Doctor and Graphcore represents a gross portfolio value of £121.5 million and exhibits an average turnover in excess of US$35.0 million (US$25.0 million), growing in aggregate over 39% annually from 2016 and projecting further growth in excess of 40% into 2018. The gross profit margin of the core holdings average 69%.

Gross Portfolio Value Progression

(£ millions)

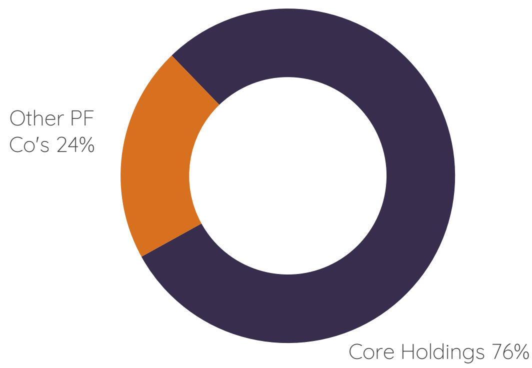


Average Revenue Core



Adjusted for new additions

Sep 2017



Core Portfolio updates

Trustpilot

The online review platform for businesses and consumers, Trustpilot, announced in September that they secured US$20.0 million in new financing from Silicon Valley Bank. The additional funds will support continued product and technology innovation in data-driven customer insights and the acceleration of Trustpilot's already strong growth in the US, Europe and Australia. The Trustpilot review platform enables consumers and businesses to build greater two-way trust online. It now hosts more than 34.0 million consumer reviews of more than 180,000 businesses, and these reviews are seen nearly 2.0 billion times each month. Every 2 seconds, a consumer leaves a new review on Trustpilot. The company now has offices across the world in Copenhagen, London, New York, Denver, Berlin, Melbourne and Vilnius with 550 employees.

Push Doctor

Telemedicine company, Push Doctor, has now moved into our Core Portfolio after they raised a further US$26.1 million in July. Joining Draper Esprit were Accelerated Digital Ventures (ADV) alongside existing and international investors Oxford Capital, Partech Ventures and Seventure Partners. The Company are happy to report that since they last raised Push Doctor have been growing revenue over 35% month on month for over a year. They have now treated more cases digitally that anyone in Europe and have built a data-driven health platform that combines responsive medicine and chronic condition management.

Push Doctor is a digital health consumer brand, connecting patients to a smart network of thousands of UK qualified GPs, giving them access to a doctor in as little as six minutes on any device.

Graphcore

Machine intelligence company, Graphcore, has now moved into our Core Portfolio after they raised a further US$30.0 million in series B funding in July. Joining Draper Esprit were Atomico as well as existing investors such as Amadeus Capital Partners, C4 Ventures, Dell Technologies Capital, Foundation Capital, Pitango Venture Capital, Robert Bosch Venture Capital and Samsung Catalyst Fund. The round also included strategic investment from artificial Intelligence pioneers including Demis Hassabis at Deepmind, Chief Scientist at Uber, Zoubin Ghahramani and Greg Brockman at Open AI. The funding comes as the company prepares to ship its first Intelligent Processing Unit (IPU) hardware to customers, with scale-up production for enterprise datacentres and cloud environments in 2018.

Graphcore are developing an Intelligent Processing Unit to let innovators create next generation machine intelligence. The IPU is the first processor to be designed specifically for machine intelligence and will deliver between 10x and 100x acceleration compared to today's hardware.

Perkbox

Draper Esprit invested a further £6.6 million in Perkbox, as a secondary transaction, increasing the size of their stake. The company has now developed a white-label platform, "Perkbox for customers", which helps businesses acquire, connect and retain loyal businesses. The company has doubled year-on-year and now has over 165 employees, having opened a new office in Sheffield last February. The company is currently looking to expand internationally and has grown significantly in the past six months, counting Holland and Barrett, AXA, Deliveroo, Worldpay, Le Pain Quotidien and BlaBlaCar as just some of their clients. Forbes magazine recently ranked Perkbox as one of Britain's fastest growing startups.

Clavis Insight

Clavis Technologies, a provider of ecommerce store analytics to consumer goods companies, announced during this period that they will hire 45 staff in its Asia Pacific (APAC) team over the coming months in what will be its third year in Shanghai, China. The company are looking to expand its addition of roles in sales, marketing, professional services and operations. The Shanghai office supports its customers across the APAC region from China, Korea and Japan, to south-east Asia and Australia. The new staff are being hired to facilitate expansion.

The company has developed into a major player in online retail store analytics for manufacturers with customers including Nestle, Beiersdorf, GSK, Amer Sports, 3M and L'Oreal. Clavis Insight is now in 50 different national markets.

Graze.com

Graze, the healthier snack brand, is now in more than 9,000 high street shops, including Sainsbury's WH Smith and Boots stores. In the US, Graze has now expanded further, and is currently stocked in 7,500 stores. The company has invested investing in its expansion and continues to be profitable with strong gross margins.

M-Files

M-Files, the intelligent information management company, is seeing surging interest in its intelligent information management approach, with over 220 percent growth in bookings and a jump in SaaS revenue of over 59 percent in 2016. It is now considered one of the fastest-growing Content Services Platform providers. In addition to continuing expansion in the US, UK and Finland, M-files have also opened offices in France, Germany and Australia.

In October 2017, they were announced as "visionary" in Gartner's 2017 Magic Quadrant for Content Services Platform.

Conversocial

Conversocial, the leading social customer engagement platform, acquired the live chat and in-app messaging platform HipMob last March. The acquisition enables the company to extend its services to customers who prefer web-based chat channels and in-app messaging on mobile for customer care. The live-chat functionality works across all channels including web, iOS and Android. The company is also Twitter Certified Partner, Official Instagram Partner and a Facebook Preferred Developer. The company serves a number of global brands including Hyatt, Google, Tesco, Alaska Airlines and more.

Lyst

Lyst is a global fashion search and ecommerce destination used by 65 million people every year. They currently offer over 4 million fashion products from 11,000 of the world's leading fashion brands and stores.

Sportpursuit

The ecommerce site for sports gear, Sportpursuit, is a private buying club boasts over 2 million members. Currently shipping to over 40 countries, it also has localised versions for France, Germany and Denmark.

Interim Financial Review

The six-month period ended September 2017 has demonstrated a continued period of growth with strong performance from the underlying portfolio of investments, a further equity raise and further deployment of capital into high growth technology companies.

The Gross Primary Portfolio of £162.8 million is subject to deductions for the fair value of the carry liabilities and deferred tax to generate the net investment value of £155.0 million which is reflected on the consolidated statement of financial position as financial assets held at fair value through the profit or loss. The below table has been generated to reflect gross and net movement in value of the portfolio during the period.

The net fair value gain on investments of £23.2 million is reflected through the income statement. A deferred tax provision of £3.1 million continues to be recognised in the period against the gains in the portfolio to reflect holdings for a period of less than 12 months. This amount is netted off the investments in the consolidated statement of financial position. Carry balances of £6.8 million, are accrued to previous and current employees of the Group based on the current fair value at the period-end and deducted from the Gross Primary Portfolio.

Net assets have increased by 77% to £266.8 million (£150.7 million at 31 March 2017) in the period and net assets excluding goodwill have grown by 89% to £246.3 million (£130.2 million at 31 March 2017). The increase in the balance sheet assets reflects the positive portfolio performance and the equity raise undertaken in the period of £100.0 million (£95.3 million net of fees) from both existing and new institutional investors. 29,012,346 new shares were issued on 20 June 2017 to trading on AIM and ESM with a further 1,851,851 new shares issued on 4th August 2017 following FCA approval relating to Invesco Perpetual.

Period-end cash balances of £92.0 million include the cash balance of £24.9 million at 31 March 2017, the subsequent equity raise of £95.3 million net of fees, investments in the period of £26.5 million in the portfolio and the operating costs of the business.

Consolidated statement of comprehensive income

Investment income for the year comprises the £23.2 million of unrealised investment gains (gains are unrealised as they are held within Draper Esprit (Ireland) Limited which is accounted for as an investment company) and fee income of £1.3 million which is generated from management fees, performance fees and director fees. General administrative costs of £2.4 million (£1.2 million at 30 September 2017), predominantly relate to employment, professional and office expenses, while investment and acquisition costs of £0.4 million relate directly to portfolio investment costs

Gross Portfolio Value Table Investment	Fair Value of Investments 31st March 2017 £'000	Investments £'000	Realisations £'000	Movement in Fair Value £'000	Fair Value of Investments 30-Sep 2017 £'000	Interest FD* at reporting date
Trustpilot	18,226	5,569	-	5,728	29,523	C
Clavis Insight	10,673	-	-	2,130	12,803	D
SportPursuit	10,070	206	-	1,987	12,263	D
M-Files	9,789	-	-	1,451	11,240	B
Graze	9,683	-	-	365	10,048	B
Lyst	8,052	-	-	4,081	12,133	C
Conversocial	6,899	-	-	617	7,516	D
PushDoctor	1,000	3,500	-	3,172	7,672	B
Graphcore	2,307	1,853	-	2,837	6,997	B
Perkbox	1,650	6,616	-	3,079	11,345	C
Remaining Portfolio	31,152	8,788	-	(1,709)	38,231	-
Draper Esprit (Ireland) Limited	1,293	842	(1,534)	-	601	-
Total	**110,794**	**27,375**	**(1,534)**	**23,738**	**160,373**	-
						-
Co-invest assigned to plc	1,935	-	-	453	2,388	-
Gross Portfolio Value	**112,729**	**27,375**	**(1,534)**	**24,191**	**162,761**	-
Carry external	(5,621)	-	-	(1,162)	(6,784)	-
Portfolio deferred tax	(3,413)	-	-	296	(3,117)	-
Trading carry & co-invest	2,276	-	-	(154)	2,122	-
Net portfolio value	**105,971**	**27,375**	**(1,534)**	**23,170**	**154,982**	-

* Fully diluted interest categorised as follows: Cat A: 0-5%, Cat B: 6-10%, Cat C: 11-15%, Cat D: 16-25%, Cat E: >25%

Ben Wilkinson
CFO

Interim Financials

Independent review report to Draper Esprit plc

Introduction

We have been engaged by Draper Esprit plc ('the Company') to review the condensed set of financial statements in the half-yearly financial report of the Company and its subsidiaries (the 'Group') for the six months ended 30 September 2017 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and the related explanatory notes.
We have read the other information contained in the half yearly financial report which comprises only the strategic report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.
This report is made solely to the company, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company as a body, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors.
As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express a conclusion to the company on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
23 October 2017

Consolidated statement of comprehensive income

for the period ended 30 September 2017

	Notes	Unaudited Period Ended 30 Sep 2017 £'000s	Unaudited Period Ended 30 Sep 2016 £'000s	Audited Year Ended 31 Mar 2017 £'000s
Unrealised gains on investments held at fair value through the profit and loss	7	23,170	26,707	35,744
Fee income		1,309	716	1,673
Total investment income		24,479	27,426	37,417
Operating expenses				
General administrative expenses		(2,441)	(1,210)	(3,705)
Depreciation and amortisation		(81)	(1)	(127)
Share based payments		(182)	-	(123)
Investment and acquisition costs		(372)	-	-
Operating profit from operations		21,403	26,215	33,462
Finance (expense)/income		(470)	295	221
Operating profit/(loss) before tax		20,933	26,510	33,683
Income taxes		(4)	(424)	(438)
Profitfor the year/period		20,929	26,086	33,245
Share of profit/(loss) attributable to non-controlling interests		(293)	(210)	(330)
Profit/(loss) from continuing operations		20,636	25,876	32,915
Other comprehensive income/(expense):				
Other comprehensive expense		-	-	-
Total comprehensive income/(loss) for the year/period		20,636	25,876	32,915
Earnings per share attributable to:				
Equity holders of parent (pence)	4	29	64	81

The notes on pages 16 to 23 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 September 2017

	Notes	Unaudited Period Ended 30 Sep 2017 £'000s	Unaudited Period Ended 30 Sep 2016 £'000s	Audited Year Ended 31 Mar 2017 £'000s
Non-current assets				
Intangible assets	5	21,106	21,293	21,158
Investments in associates	6	258	-	258
Financial assets held at fair value through the profit or loss	7	154,982	100,879	105,971
Property, plant and equipment		260	15	154
Total non-current assets		176,606	122,187	127,541
Current assets				
Trade and other receivables		907	932	527
Cash and cash equivalents		92,043	22,182	24,892
Total current assets		92,950	23,114	25,419
Current liabilities				
Trade and other payables		(2,032)	(1,236)	(1,550)
Total current liabilities		(2,032)	(1,2360	(1,550)
Non-current liabilities				
Deferred tax	9	(720)	(733)	(716)
Total non-current liabilities		(720)	(733)	(716)
Net assets		266,804	143,332	150,694
Equity				
Share capital	10	716	407	407
Share premium account	10	188,229	92,991	93,248
Merger relief reserve	10	23,920	23,920	23,920
Share-based payments reserve	11	293	-	123
Retained earnings		53,528	25,853	32,892
Equity attributable to owners of parent		266,686	143,171	150,590
Non-controlling interests		117	161	104
Total equity		266,804	143,332	150,694
Net assets per share (pence)	4	372	352	370

The interim financial statements were approved by the Board of Directors and authorised for issue on 23 October 2017.

S. M. Chapman
Chief Operating Officer

The notes on pages 16 to 23 are an integral part of these consolidated interim financial statements.

Consolidated statement of cash flows

for the period ended 30 September 2017

	Notes	Unaudited Period Ended 30 Sep 2017 £'000s	Unaudited Period Ended 30 Sep 2016 £'000s	Audited Year Ended 31 Mar 2017 £'000s
Cash flows from operating activities				
Operating profit before tax		20,933	26,510	33,683
Adjustments to reconcile operating profit to net cash flows used in operating activities:				
Revaluation of investments held at fair value through the profit and loss	7	(23,170)	(26,707)	(35,744)
Depreciation and amortisation		93	1	155
Share-based payments	11	171	-	123
Bad debt provision		-	-	37
(Increase)/decrease in trade and other receivables		(452)	(232)	681
Increase in trade and other payables		352	424	224
Net cash used in operating activities		(2,072)	(4)	(841)
Tax paid		-	-	-
Net cash (outflow) from operating activities		(2,072)	(4)	(841)
Cash flows from investing activities				
Purchase of property, plant and equipment		-	(8)	(166)
Cash acquired on purchase of subsidiary		-	495	495
Loans repaid from underlying investment vehicles	7	1,534	-	17,137
Purchase of investments	7	(27,375)	(47,637)	(20,602)
Purchase of initial portfolio		-	-	(40,000)
Interest received		52	-	-
Net cash outflow investing activities		25,789	(47,150)	(43,136)
Cash flows from financing activities				
Cash paid to non-controlling interests		(278)	-	(246)
Proceeds from issue of share capital at a premium net of fees	10	95,290	69,336	69,336
Net cash outflow from financing activities		95,012	69,336	69,090
Net increase in cash & cash equivalents		67,151	22,182	25,113
Cash and cash equivalents at beginning of period		24,892	22,182	-
Exchange differences on cash and cash equivalents		-	-	(221)
Cash and cash equivalents at end of period/year		92,043	22,182	24,892

The notes on pages 16 to 23 are an integral part of these consolidated interim financial statements.

Consolidated statement of changes in equity

for the period ended 30 September 2017

Unaudited	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve £'000s	Retained earnings £'000s	Total attributable to equity holders of the parent £'000s	Attributable to non-controlling interests £'000s	Total equity £'000s
Balance at 31 March 2017	407	93,248	23,920	123	32,892	150,590	104	150,694
Comprehensive Income for the year								
Profit for the period	–	–	–	–	20,636	20,636	-	20,636
Amounts withdrawn by non-controlling interest	–	–	–	–	–	–	13	13
Total comprehensive income for the period	–	–	–	–	20,636	20,636	13	20,649
Contributions by and distributions to the owners:								
Issue of share capital (note 10)	309	–	–	–	–	309	–	309
Share premium (note 10)	–	94,980	–	–	–	94,989	–	94,989
Share based payments (note 11)	–	–	–	171	–	171	–	171
Balance at 30 September 2017	716	188,228	23,920	294	53,528	266,687	117	266,804

Unaudited	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve £'000s	Retained earnings £'000s	Total attributable to equity holders of the parent £'000s	Attributable to non-controlling interests £'000s	Total equity £'000s
Balance at 31 March 2016	50	–	–	–	(3)	47	–	47
Comprehensive Income for the year								
Profit for the period	–	–	–	–	25,876	25,876	210	26,086
Acquired reserves due to non-controlling interest	–	–	–	–	(20)	(20)	20	–
Amounts withdrawn by non-controlling interest	–	–	–	–	–	–	(69)	(69)
Total comprehensive income for the period	–	–	–	–	25,856	25,856	161	26,017
Contributions by and distributions to the owners:								
Issue of share capital	357	–	–	–	–	357	–	357
Share premium	–	92,991	–	–	–	92,911	–	92,991
Merger relief reserve	–	–	23,920	–	–	23,920	–	23,920
Balance at 30 September 2016	407	92,991	23,920	-	25,853	143,171	161	143,332

Audited	Share capital £'000s	Share premium £'000s	Merger relief reserve £'000s	Share-based payments reserve £'000s	Retained earnings £'000s	Total attributable to equity holders of the parent £'000s	Attributable to non-controlling interests £'000s	Total equity £'000s
Balance at 31 March 2016	50	–	–	–	(3)	47	–	47
Comprehensive Income for the year								
Profit for the year	–	–	–	–	32,915	32,915	330	33,245
Acquired reserves due to non-controlling interest	–	–	–	–	(20)	(20)	20	–
Amounts withdrawn by non-controlling interest	–	–	–	–	–	–	(246)	(246)
Total comprehensive income for the year	–	–	–	–	32,895	32,895	104	32,999
Contributions by and distributions to the owners:								
Issue of share capital	357	–	–	–	–	357	–	357
Share premium	–	93,248	–	–	–	93,248	–	93,248
Merger relief reserve	–	–	23,920	–	–	23,920	–	23,920
Share based payment	–	–	–	123	–	123	–	123
Balance at 31 March 2017	407	93,248	23,920	123	32,892	150,590	104	150,694

The notes on pages 16 to 23 are an integral part of these consolidated interim financial statements.

Notes to the consolidated interim financial statements

1. General information

Draper Esprit plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. On 15 June 2016, the Company listed on the London Stock Exchange's AIM market and the Irish Stock exchange's ESM market (the "IPO").

The Company is the ultimate parent company in which results of all subsidiaries are consolidated. The consolidated interim financial statements ("the Group accounts") for the period ended 30 September 2017 comprise the financial statements of the Company and its subsidiaries (together, "the Group"). The information for the six-month period ended 30 September 2017 and 2016 do not constitute statutory accounts as described in section 80 of the Companies Act 2006. Comparative figures for the year ended 31 March 2017 are taken from the full statutory accounts which contain an unqualified audit opinion.

The consolidated interim financial statements are presented in Pounds Sterling (£) which is the currency of the primary economic environment the Group operates. All amounts are rounded to the nearest thousand, unless otherwise stated.

2. Significant accounting policies

Basis of accounting

The condensed interim consolidated financial statements (the interim financial statements) are for the six months ended 30 September 2017 and have been prepared in accordance with IAS 34 'Interim Financial Statements' (IAS34). They are unaudited and do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read conjunction with the consolidated financial statements for the year ended 31 March 2017.

The interim financial statements have been approved for issue by the Board of Directors on 23 October 2017.

a) Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted by the Group's most recent annual financial statements for the year ended 31 March 2017.

3. Critical accounting estimates and judgements

The Directors have made the following judgements and estimate that have had the most significant effect on the carrying amounts of the assets and liabilities in the consolidated interim financial statement. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Valuation of unquoted equity investments at fair value through the profit and loss

The judgements and estimations required to determine the appropriate valuation methodology of unquoted equity investments means there is a risk of material adjustment to the carrying amounts of assets and liabilities. These judgements include whether to increase or decrease investment valuations or not and require the use of judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available or observable.

The fair value of unlisted securities is established with reference to the International Private Equity and Venture Capital Valuation Guidelines (IPEVCVG). In line with the IPEVCVG, the Group may base valuations on earnings or revenues where applicable, market comparables, price of recent investments in the investee companies, or on net asset values.

The Group invests in early stage and growth technology companies, through predominantly unlisted securities. Given the nature of these investments, there are often no current or short-term future earnings or positive cash flows. Consequently, the most appropriate approach to determine fair value is based on a methodology with reference to observable market data, that being the price of the most recent transaction. Fair value estimates that are based on observable market data will be of greater reliability than those based on estimates and assumptions and accordingly where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation.

The length of period for which it remains appropriate to use the price of recent investment depends on the specific circumstances of the investment, and the Group will consider whether the basis remains appropriate each time valuations are reviewed. If the "price of recent investment" methodology is no longer considered appropriate, the Group then considers alternative methodologies in the IPEVCVG guidelines, being principally price-revenue or price-earnings multiples, depending upon the stage of the asset, requiring management to make assumptions over the timing and nature of future revenues and earnings when calculating fair value.

Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has since been impaired.

In all cases, valuations are based on the judgement of the Directors after consideration of the above and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Due to this uncertainty, the Group may not be able to sell its investments at the carrying value in these consolidated interim financial statements when it desires to do so or to realise what it perceives to be fair value in the event of a sale.

b) Control assessment
The Group has a number of entities within its corporate structure and consideration has been made of which should be consolidated in accordance with IFRS 10 and which should not. The Group consolidates all entities where it has control over the following: power over the investee to significantly direct the activities; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The Company does not consolidate qualifying investment companies it controls in accordance with IFRS 10 and instead recognises them as investments held at fair value through the profit and loss.

c) Carrying amount of goodwill
Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill is allocated. The recoverable amount is based on "value in use" calculations which requires estimates of future cashflows expected from the cash generation unit (CGU) and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at balance sheet date was £20.5 million.

4. Earnings per share and net asset value

The calculation of basic earnings per share is based on the profit attributable to shareholders and the number of weighted average shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effect of all dilutive share options and awards. There was no dilution during the year as arising from the issue of share options.

30 September 2017	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
Basic earnings per ordinary share	20,636	71,612	29

30 September 2016	Profit after tax £'000s	Weighted average no. of shares '000	Pence per share
Basic earnings per ordinary share	25,876	40,674	64

Net asset value ("NAV") per share is based on the net asset attributable to shareholders and the number of weighted average shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effect of all dilutive share options and awards. There was no dilution during the year as arising from the issue of share options.

30 September 2017	Adj. Net assets £'000s	Weighted average no. of shares '000	Pence per share
Net asset value per ordinary share	266,686	71,612	372

30 September 2016	Adj. Net assets £'000s	Weighted average no. of shares '000	Pence per share
Net asset value per ordinary share	143,171	40,674	352

5. Intangible assets

30 September 2017	Goodwill[1] £'000s	Customer contracts[2] £'000s	Total £'000s
Cost			
Cost carried forward as at 1 April 2017	20,476	818	21,294
Cost as at 30 September 2017	20,476	818	21,294
Accumulated amortisation			
Amortisation carried forward as at 1 April 2017	–	(136)	(136)
Charge for the period	–	(52)	(52)
Accumulated amortisation as at 30 September 2017	–	(187)	(187)
Net book value:			
As at 30 September 2017	20,476	631	21,106

30 September 2016	Goodwill[1] £'000s	Customer contracts[2] £'000s	Total £'000s
Cost			
Cost carried forward as at 1 April 2016	–	–	–
Acquired through business combinations	20,476	818	21,294
Cost as at 30 September 2016	20,476	818	21,294
Accumulated amortisation			
Amortisation carried forward as at 1 April 2016	–	–	–
Charge for the year	–	(1)	(1)
Accumulated amortisation as at 30 September 2016	–	(1)	(1)
Net book value:			
As at 30 September 2016	20,476	817	21,293

31 March 2017	Goodwill[1] £'000s	Customer contracts[2] £'000s	Total £'000s
Cost			
Cost carried forward as at 1 April 2016	–	–	–
Acquired through business combinations	20,476	818	21,294
Cost as at 31 March 2017	20,476	818	21,294
Accumulated amortisation			
Amortisation carried forward as at 1 April 2016	–	–	–
Charge for the year	–	(136)	(136)
Accumulated amortisation as at 31 March 2017	–	(136)	(136)
Net book value:			
As at 31 March 2017	20,476	682	21,158

1 Goodwill of £20.5 million arose on the acquisition of all the capital interests in Esprit Capital Partners LLP, a Venture Capital manager based in the UK, on 15 June 2016 and represents the value of the acquired expertise and knowledge of the fund managers. The directors have identified the fund managers as the cash-generating unit ("CGU") being the smallest group of assets that generates cash inflows independent of cash flows from other assets or groups of assets. The fund managers are responsible for generating deal flow and working closely with investee companies creating value and maximising returns for the Group. The Group tests goodwill annually for impairment comparing the recoverable amount using value-in-use calculations and the carrying amount. Value-in-use calculations are based on future expected cash flows generated by the CGU from the realisation of investments for the next eight years with reference to the most recent financial budget and forecasts. The key assumptions for the value in use calculations are the discount rate using pre-tax rates that reflect the current market assessments of the time value of money and risks specific to the CGU. The internal rate of return ("IRR") used was based on past performance and experience. The discount rate used was 10% and the IRR used was 20%.

2 An intangible asset of £0.8 million was also recognised in respect of the anticipated profit from the participation in Encore Ventures LLP as a consequence of the acquisition of Esprit Capital Partners LLP.

6. Investments in associates

On 24 November 2016, Draper Esprit acquired a 30.77% stake in Elderstreet Holdings Limited, the holding company of Elderstreet Investments Limited with an option to acquire the balance of the Elderstreet shares. The initial consideration of £0.26 million was satisfied by the issue of 73,667 new ordinary shares of 1 pence each in the capital of the Company.

7. Investments

The Group holds investments through investment vehicles it manages. The investments are predominantly in unlisted securities and are carried at fair value through the profit and loss. The Group's valuation policies are set out in detail in the annual audited consolidated financial statements for the year ended 31 March 2017. The table below sets out the movement in the balance sheet value of investments from the start to the end of the year, showing investments made, cash receipts and fair value movements.

	Period ended 30 Sept 2017 £'000s	Period ended 30 Sept 2016 £'000s	Year ended 31 Mar 2017 £'000s
As at 1 April	105,971	–	–
Initial portfolio acquired on 15 June 2016[1]	–	63,940	63,940
Carry and Co-invest acquired on 15 June 2016	–	2,822	2,822
Investments made in the period[2]	27,375	7,410	20,602
Loans repaid from underlying investment vehicles	(1,534)	–	(17,137)
Unrealised gains on the revaluation of investments	23,170	26,707	35,744
As at period end	154,982	100,879	105,971

1 The initial portfolio was acquired on 15th June 2016 as part of the IPO which was satisfied by a mixture of cash (£40.0 million) and shares of (£23.9 million) issued by the Company.

2 Investments made in the period are amounts the Company has invested in underlying investment vehicles. This is not the equivalent to the total amount invested in portfolio companies as existing cash balances from the investment vehicles are reinvested.

8. Operating segments

IFRS 8, "Operating Segments" defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Chief Operating Decision Maker to assess performance and determine the allocation of resource. The Chief Operating Decision Maker has been identified by the Board of Directors as the Chief Executive Officer. The Group has one operating segment identified the investment portfolio of the Group which is monitored closely and strategic decisions are made on the basis of the investment portfolio performance.

9. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2016: 20%). The movement on the deferred tax account is shown below:

	Period ended 30 Sept 2017 £'000s	Period ended 30 Sept 2016 £'000s	Year ended 31 Mar 2017 £'000s
Arising on business combination	(154)	(164)	(164)
Arising on co-invest and carried interest	(566)	(569)	(578)
Other timing differences	-	-	26
At the end of the period	(720)	(733)	(716)

10. Share capital and share premium

Ordinary share capital

30 September 2017 - Allotted and fully paid	Number	Pence
At the beginning of the period	40,747,576	1
Issue of share capital during the period for cash[1]	30,864,197	1
At the end of the period	71,611,773	1

1 On the 5 June 2017, the Company raised gross proceeds of £100.0 million at an issue price of 324 pence per share by way of the conditional placing of 25,912,346 new ordinary shares and a subscription of 4,951,851 new ordinary shares.

30 September 2016 - Allotted and fully paid	Number	Pence
At the beginning of the period	50,000	100
Issue of share capital during the period for cash	32,623,909	1
Issued of share capital during the period as part of business combination	8,000,000	1
At the end of the period	40,673,909	1

31 March 2017 - Allotted and fully paid	Number	Pence
At the beginning of the year	50,000	100
Redeemed during the year[1]	(50,000)	100
Issued of share capital during the year	40,747,576	1
At the end of the year	40,747,576	1

Share premium

Allotted and fully paid	Period ended 30 Sept 2017 £'000s	Period ended 30 Sept 2016 £'000s	Year ended 31 Mar 2017 £'000s
At the beginning of the period	93,248	–	92,991
Premium arising on the issue of ordinary shares^	100,000	119,635	257
Transfer to merger relief reserve^^	–	(23,920)	–
Equity issuance costs	(5,019)	(2,724)	–
At the end of the period	188,229	92,991	93,248

^ The premium on ordinary shares in the period arises from the issue of 30,864,197 new ordinary shares of 1 pence each on the 5 June 2017.

^^ Merger relief reserve: In accordance with the Companies Acts 2006, a Merger Relief Reserve of £23.9 million (net of the cost of share capital issued of £80k) was created on the issue of8,000,000 ordinary shares for 300 pence each in Draper Esprit plc as consideration for the acquisition of 100% of the capital interests in Esprit Capital Partners LLP on 15 June 2016.

11. Share-based payments

	Date of Grant	Number of CSOP Options	Number of approved Options	Vesting period	Exercise Price (pence)	Fair value per granted instrument (pence)
Draper Esprit plc 2016 Company Share Option Scheme (CSOP)	28-Nov-16	1,618,967	101,400	3 Years	355	64.1
	28-Nov-16	152,528	–	5 Years	355	89.3

The Draper Esprit plc 2016 Company Share Option Plan (CSOP) was launched on 28 November 2016 and made available to certain employees, Directors and Trusts. The Options have an exercise price of 355 pence per share and are exercisable at the end of a three and five-year period ending on 28 November 2019 and 28 November 2021 respectively. A total of 1,771,495 shares under option were granted. The share-based payment charge for the period was £182,410 (year ended 31 March 2017: £122,940). The share price at grant date was 355 pence. The Black Scholes Option Pricing Model has been used for valuation purposes. All options are settled in shares. Volatility is expected to be in the range of 20-30% based on an analysis of the Company's and peer groups share price. The risk-free rate used was 0.73% and 1.57% and was taken from zero coupon United Kingdom government bonds on a term consistent with the vesting period. There are no performance conditions attached to these share options.

12. Leases

Operating leases – lessee

The total future value of minimum lease payments is due as follows:

	Period ended 30 Sept 2017 £'000s	Period ended 30 Sept 2016 £'000s	Year ended 31 Mar 2017 £'000s
Not later than one year	333	-	333
Later than one year but not later than five years	1,332	-	1,332
Later than five years	444	-	611
Total operating leases	2,109	-	2,276

13. Financial assets and liabilities

The description of each category of financial asset and financial liability and the related accounting policies are shown below. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Designated FVTPL £'000s	Amortised cost £'000s	Total £'000s
30 September 2017			
Financial assets			
Investments	154,982	–	154,982
Long-term financial assets	154,982	–	154,982
Trade and other receivables	–	907	907
Cash and cash equivalents	–	92,043	92,043
Short-term financial assets	–	92,950	92,950
Total financial assets	154,982	92,794	247,932
Financial liabilities			
Trade and other payables	-	(2,032)	(2,032)
Total financial liabilities	-	(2,032)	(2,032)
30 September 2016			
Financial assets			
Investments	100,879	–	100,879
Long-term financial assets	100,879	–	100,879
Trade and other receivables	–	932	932
Cash and cash equivalents	–	22,182	22,182
Short-term financial assets	–	23,114	23,114
Total financial assets	105,971	23,114	123,993
Financial Liabilities			
Trade and other payables	–	(1,550)	(1,550)
Total financial liabilities	–	(1,550)	(1,550)
31 March 2017			
Financial assets			
Investments	105,971	–	105,971
Long-term financial assets	105,971	–	105,971
Trade and other receivables	–	527	527
Cash and cash equivalents	–	24,892	24,892
Short-term financial assets	–	25,419	25,419
Total financial assets	105,971	25,419	131,390
Financial Liabilities			
Trade and other payables	–	(1,550)	(1,550)
Total financial liabilities	–	(1,550)	(1,550)

14. Fair value measurements

This section should be read with reference to note 3(a) and note 15. The Group classifies financial instruments measured at fair value through the profit and loss according to the following fair value hierarchy:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

All investments are held at fair value through the profit and loss are classified as level 3 in the fair value hierarchy. As a consequence, the values of investments at balance sheet date are considered to be entirely based on Level 3 inputs. There were no transfers between Levels 1, 2 and 3 during the period.

Significant unobservable inputs for Level 3 valuations

The Group's investments are all classified as Level 3 investments. The Group may base valuations on earnings or revenues where applicable, market comparables, price of recent investments in the investee companies, or on net asset values. The Group mainly uses most recent investment price as a proxy for fair value where available. Where such data is not available or no longer appropriate a revenue, multiple is used. See note 3(a) where valuation policies are discussed in more detail.

15. Financial instruments risk

Financial risk management

Financial risks are usually grouped by risk type: market, liquidity and credit risk. These risks are discussed in turn below.

Market risk – Foreign currency

A significant portion of the Group's, investments and cash deposits are denominated in a currency other than sterling. The principal currency exposure risk is to changes in the exchange rate between GBP and USD/EUR. Presented below is an analysis of the theoretical impact of 10% volatility in the exchange rate on shareholder equity.

Theoretical impact of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

Foreign currency exposures – Investments	30 Sept 2017 £'000s	30 Sept 2016 £'000s	31 Mar 2017 £'000s
Investments	154,982	100,878	105,971
10% decrease in GBP	*146,615*	94,884	110,573
10% increase in GBP	*165,520*	106,974	101,369

Certain cash deposits held by the Group are denominated in Euros. The theoretical impact of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

Foreign currency exposures – Cash	30 Sept 2017 £'000s	30 Sept 2016 £'000s	31 March 2017 £'000s
Cash denominated in EUR	12,937	2,834	3,081
10% decrease in EUR:GBP	*11,643*	*2,576*	*2,773*
10% increase in EUR:GBP	*14,231*	*3,117*	*3,389*
Cash denominated in USD	7,411	–	3,225
10% decrease in USD:GBP	*6,670*	–	*2,902*
10% increase in USD:GBP 10% increase in EUR:GBP	*8,152*	–	*3,547*

The combined theoretical impact on shareholders' equity of the changes to investments and cash and cash equivalents of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

Foreign currency exposures – Equity	30 Sept 2017 £'000s	30 Sept 2016 £'000s	31 March 2017 £'000s
Shareholders' Equity	266,804	143,332	150,694
10% decrease in EUR:GBP/USD:GBP	*254,074*	137,080	144,056
10% increase in EUR:GBP/USD:GBP	*277,049*	149,711	156,864

Market risk – Price risk

The Group is exposed to equity price risk in respect of equity rights and investments held by the Group and classified on the balance sheet at fair value through the profit and loss. The Group seeks to manage this risk by routinely monitoring the performance of these investments, employing stringent investment appraisal processes.

Liquidity risk

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less held in readily accessible bank accounts. The carrying amount of these assets is approximately equal to their fair value. Responsibility for liquidity risk management rests with the Board of Draper Esprit plc, which has established a framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

All Group payable balances at balance sheet date and prior periods fall due for payment within one year.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers, placing deposits, investment in unlisted securities through its co-investments The Group's trade receivables are amounts due from the investment funds under management, or underlying portfolio companies. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets at 31 March as summarised below;

Classes of financial assets, carrying amounts	30 Sept 2017 £'000s	30 Sept 2016 £'000s	31 March 2017 £'000s
Investments	154,982	100,879	105,971
Trade and other receivables	907	932	272
Cash at bank and on hand	92,043	22,182	24,892
Total financial assets	247,932	123,993	131,135

The Directors consider that all the above financial assets that are not impaired or past due for each of the reporting date under review are of good credit quality. In respect of trade and other receivables the Group is not exposed to significant risk as the principal customers are the investment funds managed by the Group, and in these the Group has control of the banking as part of its management responsibilities.

Investments in unlisted securities are held within limited partnerships for which the Group acts as manager, and consequently the Group has responsibility itself for collecting and distributing cash associated with these investments. The credit risk of amounts held on deposit is limited by the use of reputable banks with high quality external credit ratings and as such is considered negligible.

Capital management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure.

The Group is wholly equity funded and has no debt at balance sheet date.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to manage cash.

16. Related party transactions

Draper Esprit plc may require that one of its employees is appointed to the board of an investee company in a non-executive role. In such circumstances Draper Esprit plc charges an administration fee to the investees for the provision of the Director services. These fees which amounted to £11,800 (period ended March 2016: £nil) have been included in the turnover for the period. Draper Esprit does not exercise control or management through any of these non-executive positions.

17. Ultimate controlling party

The Directors of Draper Esprit plc do not consider there to be a single ultimate controlling party of the group.

18. Post reporting date events

There are no post balance sheet events requiring comment.

Glossary

In this document, where the context permits, the expressions set out below shall bear the following meaning:

"Admission" or "IPO"	the Admission of the enlarged share capital to trading on AIM and ESM on 15 June 2016 and such admission becoming effective in accordance with the AIM Rules and the ESM Rules respectively. The IPO included the acquisition of Esprit Capital Partners LLP and Draper Esprit (Ireland) Limited.
"Act"	the UK Companies Act 2006
"AIM"	AIM, the market of that name operated by the London Stock Exchange
"Audit Committee"	the audit committee of the Board
"Core Portfolio"	the top companies by value that represent c80% of the overall portfolio value
"Company" or "Draper Esprit" or "plc"	Draper Esprit plc, a company incorporated in England and Wales with registered number 09799594 and having its registered office at 20 Garrick Street, London, WC2E 9BT,
"Directors" or "Board"	the directors of the Company from time to time, but whose names as at the date of this document appear on page 37 of this document
"FCA"	the UK Financial Conduct Authority
"Gross Portfolio Value" or "Gross Primary Portfolio"	Gross portfolio value is the value of the portfolio of investee companies held by funds controlled by the Company before accounting for deferred tax, external carried interest and amounts co-invested.
"Grant Thornton"	Grant Thornton UK LLP, a limited liability partnership registered in England and Wales with registered number OC307742 and having its registered office at 30 Finsbury Square, London EC2A 1AG
"Group"	the Company and its subsidiaries from time to time and, for the purposes of this document, including Esprit Capital and its subsidiaries and subsidiary undertakings
"IFRS" or "IFRSs"	International Financial Reporting Standards, as adopted for use in the European Union
"IRR"	the internal rate of return
"Net Asset Value"	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time to time
"Ordinary Shares"	ordinary shares of £0.01 pence each in the capital of the Company
"International Private Equity and Venture Capital Valuation Guidelines"	the International Private Equity and Venture Capital Valuation Guidelines, as amended from time to time
"VC"	venture capital
"VCT"	A VCT (venture capital trust) is a UK closed-ended collective investment scheme.