EPE Special Opportunities plc

Report & Accounts | **January 2018**

Audited Report and Accounts for the Year Ended 31 January 2018

Contents

ESO plc portfolio asset: Whittard of Chelsea

Annual Review

Chairman's Statement

The performance of EPE Special Opportunities plc ("ESO plc" or the "Company") for the year has been mixed and the overall outcome is clearly disappointing. The positive momentum in most of the portfolio was overshadowed by the fall in Luceco plc's quoted value. This has been reflected in the stock market performance of ESO plc over the period and represented an unwelcome setback for the Company.

The Net Asset Value ("NAV") per share as at 31 January 2018 for the Company was 234.43 pence per share, representing a decrease of 35.6 per cent. on the NAV per share of 364.13 pence as at 31 January 2017. The share price as at 31 January 2018 for the Company was 160.00 pence, representing a decrease of 40.4 per cent. on the share price of 268.50 pence as at 31 January 2017.

The unsatisfactory performance of the Company's NAV during the year was driven by a 58.8 per cent. fall in value of the Company's largest asset, Luceco plc. The fall in share price value is a consequence of revised guidance issued by Luceco plc which reduced the market's expectations for the year ended 31 December 2017.

Your Board was disappointed by this setback but believes that Luceco plc remains an attractive long-term investment for the Company. The structural growth drivers for the group remain intact, namely the growth of LED lighting, consolidation of the UK wiring accessories supplier market and international expansion. Furthermore, in February 2018 Luceco plc appointed a new, highly qualified and experienced chief financial officer from a FTSE 100 listed multinational building materials distribution company Ferguson plc. This represents a positive development in the implementation of more robust financial controls. The Investment Advisor, supported by the Board, will continue to monitor Luceco plc closely.

The Company will continue to deploy capital where it believes compelling returns to investors are available. To this end, the Company made two new investments during the year: an investment in the turnaround of David Phillips Holdings Limited, a supplier of furniture and furniture services to the UK residential property market, and a fund investment in European Capital Private Debt Fund LP, which provides asset diversification and attractive risk adjusted return expectations.

The Board have been pleased by the growth of other assets within the portfolio. Whittard of Chelsea traded strongly throughout 2017, driven by outperformance of its UK retail estate and e-commerce platform. The business continues to invest in future growth via international development, following its recent launch on the Chinese e-commerce platform Tmall.

Process Components has performed well, experiencing strong order intake and relocating to a new facility with enhanced internal assembly capabilities.

Pharmacy2U has maintained its high growth trajectory, exceeding 100,000 active patients in September 2017. In March 2018, Pharmacy2U raised £40 million of new growth capital from G Square Capital, a European healthcare focussed private equity investor, to support the continuation of this high growth trajectory. The transaction was completed at a premium to Pharmacy2U's holding value and, in conjunction with the new investment, the Company sold down 50 per cent. of its existing investment, realising 2.0x invested capital.

A detailed appraisal of the Company's portfolio is provided in the Portfolio Review section (page 19).

The Company is considering a re-domiciliation from the Isle of Man to Bermuda. No decision has yet been taken and the Company will update shareholders on its deliberations in due course.

The Company is also considering the exercise of its option to redeem up to 50 per cent. of the outstanding unsecured loan notes in July 2018 to reduce financing costs. The early redemption of £4.0 million would result in an annual reduction in financing costs of £0.3 million. The Company's NAV would be unaffected by the redemption.

The Board of ESO plc continues to consider a pipeline of new investment opportunities presented by the Investment Advisor, applying rigorous analysis and pricing discipline.

I wish to convey my sincere gratitude to the Company's shareholders for their longstanding confidence and support.

Geoffrey Vero
Chairman
1 May 2018

Investment Advisor's Report

The Investment Advisor (the "IA") is extremely disappointed by the performance of the Company's net asset value ("NAV") over the year. The fall in Luceco plc's share price has obscured strong performance elsewhere in the portfolio. The IA has been encouraged by the deployment of capital into new opportunities, namely David Phillips Holdings Limited ("David Phillips") and European Capital Private Debt Fund LP ("European Capital"), laying the foundations for future shareholder value creation.

The IA will continue to seek to build a portfolio of strongly performing investments both via the development of existing assets and the deployment of the Company's reserves into new opportunities. The Company continues to investigate a strong pipeline of new investments and remains cautiously positive about the outlook for the UK lower mid-market.

The Company

The NAV per share as at 31 January 2018 for the Company was 234.43 pence representing a decrease of 35.6 per cent. on the NAV per share of 364.13 pence as at 31 January 2017. The share price for the Company as at 31 January 2018 was 160.00 pence, representing a decrease of 40.4 per cent. on the share price of 268.50 pence as at 31 January 2017.

Based on the latest NAV, as set out above, Gross Asset Cover for the total outstanding loans of £7.9 million is 9.4x and interest coverage is 49.9x. Overall liquidity at the Company, inclusive of banking facilities, is £31.8 million.

The Portfolio

Third party net debt across the Company's private equity portfolio stands at 1.2x EBITDA. The portfolio remains conservatively valued with a weighted average Enterprise Value equating to 5.3x EBITDA for mature unquoted assets and 0.4x sales for growth unquoted assets. This compares favourably to an average Enterprise Value to EBITDA multiple across comparable listed European private equity companies of 10.4x.

During the year the share price of Luceco plc fell by 58.8 per cent. However as noted in Luceco plc's Annual Report, the margin improvement initiatives implemented in Q1 2018 are on track to return gross margins to long term expectations during the second half of 2018. In addition, the appointment in February of a new, highly qualified and experienced chief financial officer demonstrates Luceco plc's commitment to reinforcing financial controls. The IA is hopeful that Luceco plc now has a base from which to develop renewed positive momentum, in line with the historic growth of 18 per cent. sales CAGR achieved between 2015 and 2017.

Luceco plc represents circa 30 per cent. of the Company's NAV (at a share price of 60.0 pence for Luceco plc), with the balance held in other investments and cash. This means that the Company's NAV would be less impacted by further falls in the Luceco's share price.

Whittard of Chelsea has traded well over the last year and ahead of budget expectations. The IA is pleased with the business's significant outperformance of the wider UK retail sector which has been achieved thanks to its differentiated product offering and increasingly diversified routes to market. The brand's international appeal continues to strengthen with pleasing revenue growth in the Chinese market, in particular via the online B2C platform Tmall. The business is investigating further international distribution partnership opportunities while continuing to enhance its domestic offering (with a focus on its e-commerce channel).

Process Components has traded in line with expectations and consistently ahead of the prior year, and the IA believes that trading in the coming year will be even more encouraging based on an order pipeline at historic highs. The business recently relocated to a new, larger facility and has significantly expanded its internal assembly capabilities.

The Portfolio (continued)

Pharmacy2U has achieved its ambitious growth targets over the last year. The IA has been encouraged by the business' momentum in new customer acquisition and logistical capabilities, most notably with 100,000 active NHS patients being exceeded in September 2017. In March 2018, Pharmacy2U completed the raise of £40.0 million new growth capital from G Square Capital to support the continuation of this high growth trajectory. The transaction was completed at a premium to Pharmacy2U's holding value and, in conjunction with the new investment, the Company sold down 50 per cent. of its existing investment to G Square Capital achieving a 2.0x money multiple realised return. The remaining 50 per cent. of the Company's investment in Pharmacy2U has been retained to benefit from the potential increase in value offered by the £40.0 million growth capital investment.

Recent Transactions

On 8 March 2017, ESO Alternative Investments LP ("ESO AI LP"), a partnership established to hold the Company's primary and secondary fund investments, committed €2.5 million to European Capital Private Debt Fund LP ("ECPD") in a secondary transaction. ECPD provides private debt for European small and medium sized enterprises, predominantly in France and the UK. The fund has total commitments of €473.0 million. The acquisition of the ECPD interest will yield interest income and will further diversify the Company's asset class exposure. The acquisition price and level of deployed capital support solid return expectations. Prior to March 2016, the IA acted as placement agent to ECPD on the successful raise of the fund.

On 19 December 2017, the Company announced a new investment in David Phillips. David Phillips is a market-leading business-to-business provider of furniture and furnishing services to the UK property sector, supplying owners, managers, agents and developers in the residential, student accommodation and social housing sectors. David Phillips has achieved significant historic growth as a result of the resurgence of the Private Rented Sector and the emergence of Build-to-Rent development. In December 2017, David Phillips required additional equity funding given the business's profitability and working capital requirements. The prevailing socioeconomic dynamics favouring rented property in the UK and initiatives undertaken by the IA, in partnership with the business's management, are expected to support the turnaround and long-term, profitable growth of the business.

The IA is grateful for the continued support of the Board and the Company's shareholders over the last year and in particular over the last few months which have been challenging. The IA would also like to thank the management and employees of the Company's portfolio companies for their ongoing hard work and diligence.

EPIC Private Equity LLP
Investment Advisor to EPE Special Opportunities plc

1 May 2018

As at 31 January 2018

NAV per share	**234.43 pence**
Share price	**160.00 pence**
Portfolio returns	**5.0x MM / 23.6% IRR**
Mature asset valuation	**5.3x EV/EBITDA**
Growth asset valuation	**0.4x EV/Sales**
Portfolio leverage	**1.2x Net Third Party Debt/EBITDA**

ESO plc portfolio asset: David Phillips

Introduction to EPE Special Opportunities plc

EPE Special Opportunities plc

EPE Special Opportunities plc ("ESO plc" or the "Company") is a private equity investment company established in 2003.

The Company's shares trade on the AIM market of the London Stock Exchange with the ticker "ESO".

The Company's primary objective is to provide long-term return on equity for its shareholders by investing in small and medium sized companies in the UK.

The Company targets growth and buy-out opportunities, special situations and distressed transactions, deploying capital where it believes the potential for shareholder value creation to be compelling.

The Investment Advisor to the Company is EPIC Private Equity LLP ("EPE").

EPE Special Opportunities plc

Investment highlights since inception include:

5.0x Portfolio current money multiple	**23.6%** Portfolio current IRR	**56.1%** Premium to NAV on last three exits	**416.1%** 8 year share price growth

Recent developments:

- July 2016: Pharmacy2U merges with Chemist Direct, creating a market leader in the UK online pharmacy sector.
- October 2016: IPO of Luceco plc.
- March 2017: ESO plc acquires a €2.5 million commitment to European Capital Private Debt Fund, focussed on European small and medium-sized enterprises predominantly in France and the UK.
- September 2017: Luceco plc acquires Kingfisher Lighting, a UK-based lighting competitor.
- December 2017: Luceco plc releases a trading update downgrading guidance on future profitability.
- December 2017: ESO plc acquires David Phillips, a market-leading business-to-business provider of furniture and furnishing services to the UK property sector.
- March 2018: Luceco plc releases a trading update further downgrading 2017 profitability and providing guidance on the outlook for profitability in 2018. In addition, Luceco plc announces the arrival of a new chief financial officer from FTSE 100 building materials distribution company Ferguson plc.
- March 2018: Pharmacy2U raises £40.0 million new growth capital from G Square Capital. The Company sells down 50% of its investment in Pharmacy2U, achieving a 2.0x MM realised return.

EPIC Private Equity LLP – Investment Advisor

EPIC Private Equity LLP ("EPE" or the "Investment Advisor") was founded in June 2001 and is an independent investment manager wholly owned by its partners.

EPE has made 35 investments in UK small and medium sized enterprises and was appointed Investment Advisor to ESO plc in September 2003.

EPE manages the Company's investments in accordance with guidelines determined by the Board and the Company's constitutional framework. The governance structure is subject to periodic review by the Board.

In addition to investment management, EPE has two complementary business lines, Advisory, which provides independent corporate finance advice, and Placement, which acts as a placement agent for non-competing private funds.

EPIC Private Equity LLP

Market-leading track record

Track record of 35 investments across a large range of sectors and situations. EPE has returned 2.3x money multiple and 15.3% IRR on its investments to 31 January 2018.

Highly aligned and stable team

Committed and stable partnership, with average tenure in excess of 8 years. The EPE team is the largest investor in ESO plc, representing in aggregate c.25% of the share register.

Extensive industry network

Longstanding relationships in the UK market underpin EPE's access to deals with c.300 deals p.a. reviewed. EPE also leverages a network of operating partners to drive portfolio value creation.

Listed market experience

EPE has a successful track record of advising listed vehicles spanning more than 16 years. In addition to ESO plc, EPE has previously advised EPIC plc and EPIC Brand Investments plc and listed Luceco plc.

Complimentary business lines

EPE's cross-disciplinary expertise, borne of its Placement and Advisory divisions, allows EPE to access off-market investment opportunities and deploy specialist knowledge.

Why UK lower mid-market private equity?

Large universe of companies

A greater universe of potential transactions compared to the larger cap space allows EPE to be more selective, applying a higher threshold of deal evaluation and greater pricing discipline.

Low transactional competition

Reduced investor engagement and diminished buy-side competition in the lower mid-market is a structural driver for attractive valuations and higher likelihood of successful transaction outcomes.

Low availability of alternative financing

The difficulty experienced by companies in the lower mid-market in accessing bank financing often drives owners to seek equity funding, in order to achieve their growth or liquidity objectives.

High volume of shareholders seeking liquidity

The lower mid-market is characterised by owner-managed businesses. Many of these owners seek liquidity from external investors, in part given the lack of alternative financing available to finance shareholder exits.

Growth and operational improvements

Strong potential to create value either via top line growth or operational improvements. Private equity investors bring critical development capital and leverage cross-sector expertise to action transformational change.

These factors result in an extensive supply of attractive investment opportunities, with the potential for strong value creation at favourable entry valuations.

Why EPE Special Opportunities?

Market-leading returns

ESO plc has continued to deliver market leading returns with a share price increase of 416% over the last 8 years. Current portfolio returns are 5.0x MM and 23.6% IRR to 31 January 2018.

Access to high quality portfolio

ESO plc offers investors access to a conservatively valued, high growth portfolio. Mature portfolio assets are valued at 5.4x EBITDA (vs. 10.4x EBITDA for comparable listed private equity funds). The combined sales of the portfolio have grown at a CAGR of 18.1% over the last 3 years.

Established deal pipeline

EPE consistently targets proprietary deal opportunities. Deals are also sourced from a network of industry contacts including operating partners and corporate finance advisors. EPE reviews c.300 deals p.a. in the UK lower mid-market.

Long term capital vehicle

ESO plc's quoted structure allows the Company to develop its investments over the long term, benefitting from the ability to implement truly transformational initiatives and compound returns over periods in excess of standard private equity hold periods (typically 3-5 years).

Manager alignment

EPE is a focussed and independent manager with substantial investment in the Company. The EPE team own c.25% of ESO plc, creating significant alignment with investors and a focus on long-term sustainable shareholder returns.

Biographies of the Directors

Geoffrey Vero FCA

Geoffrey Vero qualified as a chartered accountant with Ernst & Young and then worked for Savills, chartered surveyors, and The Diners Club Limited. He has been active in venture capital since 1985, initially with Lazard Development Capital Limited and then from 1987 to 2002 as a director of Causeway Capital Limited which became ABN Amro Capital Limited. In 2002, he set up The Vero Consultancy specialising in corporate advisory services and recovery situations. He has considerable experience in evaluating investment opportunities and dealing with corporate recovery. While at Causeway Capital, Mr Vero was a Founder Director of Causeway Invoice Discounting Company Limited, which was subsequently sold to NM Rothschild. He is also a non-executive director of Numis Corporation plc and Chairman of Albion Development VCT plc.

Heather Bestwick

Heather Bestwick has been a financial services professional for 25 years, onshore in the City of London and offshore in the Cayman Islands and Jersey. She qualified as an English solicitor, specialising in ship finance, with City firm Norton Rose, and worked in their London and Greek offices for 8 years. Ms Bestwick subsequently practised and became a partner with global offshore law firm Walkers in the Cayman Islands, and Managing Partner of the Jersey office. Becoming a non-executive director in 2014, she is Chairman of Equiom (Jersey) Limited and Equiom (Guernsey) Limited, sits on the boards of the manager of the Deutsche Bank dbX hedge fund platform, a shipping fund, and the States of Jersey incorporated company holding Jersey's affordable housing.

Nicholas Wilson

Nicholas Wilson has over 40 years of experience in hedge funds, derivatives and global asset management. He has run offshore branch operations for Mees Pierson Derivatives Limited, ADM Investor Services International Limited and several other London based financial services companies. He is Chairman of Gulf Investment Fund plc, a premium listed company, and, until recently, was chairman of Alternative Investment Strategies Limited. He is a resident of the Isle of Man.

Clive Spears

Clive Spears retired from the Royal Bank of Scotland International Limited in December 2003 as Deputy Director of Jersey after 32 years of service. His main activities prior to retirement included Product Development, Corporate Finance, Trust and Offshore Company Services and he was Head of Joint Venture Fund Administration with Rawlinson & Hunter. Mr Spears is an Associate of the Chartered Institute of Bankers and a Member of the Chartered Institute for Securities & Investment. He has accumulated a well spread portfolio of directorships centring on private equity, infrastructure and corporate debt. His appointments currently include being Chairman of Nordic Capital Limited, sitting on the board of Jersey Finance Limited and being director and Head of the Investment Committee for GCP Infrastructure Investments (FTSE 250 listed company).

Robert Quayle

Robert Quayle qualified as an English solicitor at Linklaters & Paines in 1974 after reading law at Selwyn College, Cambridge. He subsequently practiced in London and the Isle of Man as a partner in Travers Smith Braithwaite. He served as Clerk of Tynwald (the Isle of Man's parliament) for periods totalling 12 years and holds a number of public and private appointments, and is active in the voluntary sector. Mr. Quayle is Chairman of the Isle of Man Steam Packet Company Limited and a number of other companies in the financial services, manufacturing and distribution sectors.

Biographies of the Investment Advisor

Giles Brand

Giles Brand is a Partner and the founder of EPE. He is currently the non-executive chairman of Whittard of Chelsea and non-executive chairman of Luceco plc. Before joining EPE, Giles was a founding Director of EPIC Investment Partners, a fund management business which at sale to Syndicate Asset Management plc had US$5 billion under management and spent five years working in Mergers and Acquisitions at Baring Brothers in Paris and London. Giles read History at Bristol University.

Hiren Patel

Hiren Patel is a Partner and EPE's Finance Director and Compliance Officer. He has worked in the investment management industry for the past ten years. Before joining EPEA and EPE, Hiren was finance director of EPIC Investment Partners. Before EPIC Investment Partners Hiren was employed at Groupama Asset Management where he was the Group Financial Controller.

Robert Fulford

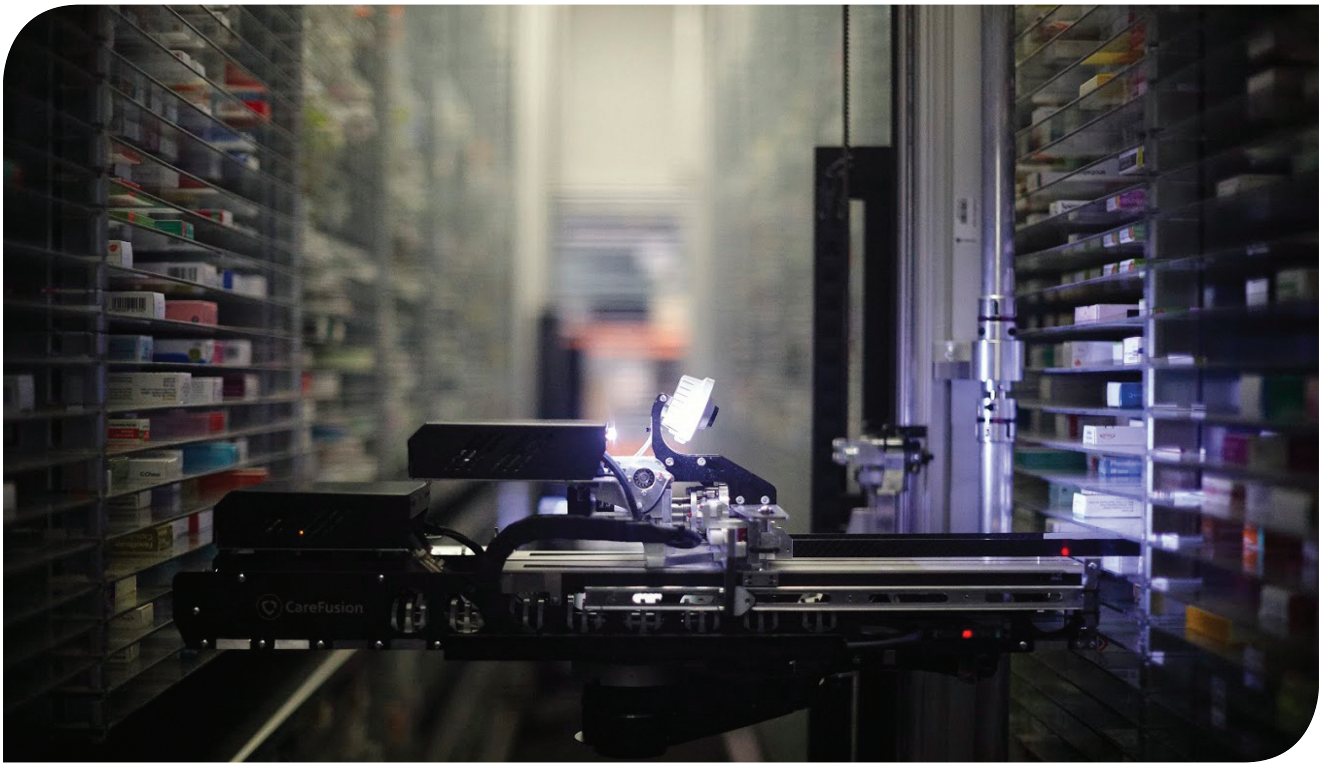
Robert Fulford is an Investment Director of EPE. He previously worked at Barclaycard Consumer Europe before joining EPE. Whilst at Barclaycard, Robert was the Senior Manager for Strategic Insight and was responsible for identifying, analysing and responding to competitive forces. Prior to Barclaycard, Robert spent four years as a strategy consultant at Oliver Wyman Financial Services, where he worked with a range of major retail banking and institutional clients in the UK, mainland Europe, Middle East and Africa, specialising in strategy and risk modelling. He manages the Company's investment in Whittard of Chelsea, where he is currently a non-executive director. Robert read Engineering at Cambridge University.

James Henderson

James Henderson is an Investment Director of EPE. He previously worked in the Investment Banking division at Deutsche Bank before joining EPE. Whilst at Deutsche Bank he worked on a number of M&A transactions and IPOs in the energy, property, retail and gaming sectors, as well as providing corporate broking advice to mandated clients. He manages the Company's investment in Pharmacy2U. James read Modern History at Oxford University and Medicine at Nottingham University.

Alex Leslie

Alex Leslie is an Investment Director of EPE. He previously worked in Healthcare Investment Banking at Piper Jaffray before joining EPE. Whilst at Piper Jaffray he worked on a number of M&A transactions and equity fundraisings within the Biotechnology, Specialty Pharmaceutical and Medical Technology sectors. He manages the Company's investments in Luceco plc, David Phillips and Process Components, where he is currently a non-executive director. Alex read Human Biological and Social Sciences at Oxford University and obtained an MPhil in Management from the Judge Business School at Cambridge University.



ESO plc portfolio asset: Pharmacy2U

Investment Strategy and Portfolio Review

Investment Strategy

ESO plc aims to provide long-term return on equity for its shareholders by investing in a portfolio of private equity assets.

Approach

Given its attractive fundamentals, the Investment Advisor believes there is a strong case to invest in the UK lower mid-market. Proprietary deal sourcing is complemented by active engagement within the wider corporate advisory community to communicate the Company's clearly defined investment strategy.

The portfolio is likely to be concentrated, numbering between two and 10 assets at any one time, which allows EPE to allocate the resource to form genuinely engaged and supportive partnerships with management teams. This active approach facilitates the delivery of truly transformational initiatives in underlying investments during the period of EPE's ownership.

The Company aims to invest in businesses exhibiting inter alia the following characteristics:

- Attractive entry pricing
- High quality management teams with established track records
- Defensible competitive position
- Opportunity for strong revenue growth, either by market expansion or increased market share
- Opportunity for strong cash generation

Investment Criteria

Size

The Company seeks to invest between £2 million and £20 million per transaction. For investments larger than £20 million, the Company may seek co-investment from third parties.

Sector

The Company will consider most sectors, but has particular expertise in consumer, retail, financial services, manufacturing and the wider services sector (including education, healthcare and social housing).

Control

The Company aims to take controlling equity positions, but may also consider minority stakes where the investment case is compelling and shareholder protections are robust.

Deal Type

The Company targets growth, buyout, special situations and private investment in public equities ("PIPE") investments. Given EPE's listed market experience, the Company may also partner with outstanding management teams on the listing and management of special purpose acquisition vehicles. The Company may occasionally invest in third-party funds.

Geography

The Company primarily seeks to invest in UK focused assets as well as those with significant overseas operations; for example, Luceco plc and Process Components within the current portfolio.

Portfolio

The current portfolio consists of five private equity assets and one third party fund investment.

Luceco plc
Supplier of wiring accessories and LED lighting

Whittard of Chelsea
Speciality tea, coffee and cocoa brand

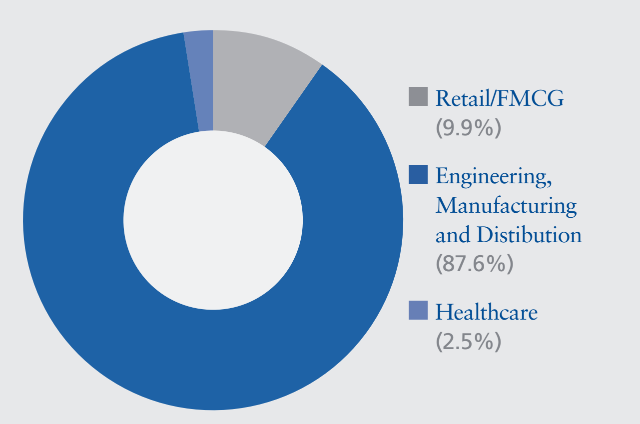
Process Components
Equipment supplier to the powder processing industry

Pharmacy2U
Leading online pharmacy in the UK

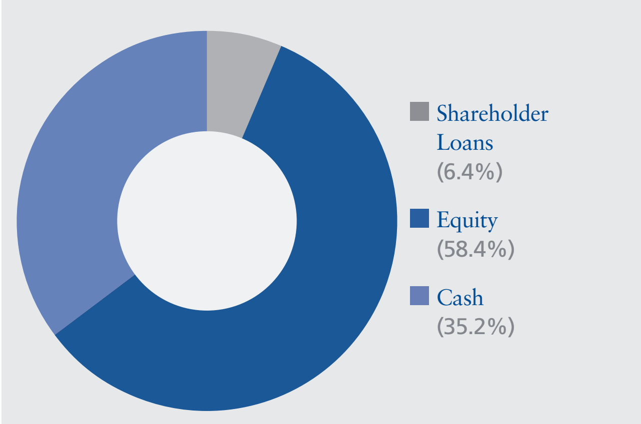
David Philips
Furniture provider to the UK property sector

Third Party Fund Investments
European Capital Private Debt Fund LP

Sector Diversification



Instrument Diversification



Luceco plc

Leading supplier of LED lighting and electrical accessories

Key facts

Location:	**UK / China**
Sector:	**Electrical Accessories**
Type of deal:	**Buyout**
Equity holding:	**24.3%**
Financial year:	**December**
Latest sales:	**£167.6 (2017)**

Description

Luceco plc is a manufacturer and distributor of electrical accessories and LED lighting products to the UK and, increasingly, international markets.

The business is headquartered in the UK, and has a Chinese manufacturing facility and several international sales offices.

Background

Luceco plc was established as a manufacturer of wiring accessories, predominantly switches and sockets, under the "British General" brand.

In 2007, the business established a Chinese manufacturing facility which has been subsequently expanded twice. The facility has provided Luceco plc with supply chain flexibility and margin efficiencies.

Luceco plc entered the LED lighting market in 2013 at a point of disruptive change and high growth opportunity.

In October 2016, Luceco plc was admitted to trading on the Main Market of the London Stock Exchange.

Recent developments

In September 2017, the business acquired Kingfisher Lighting, a UK-based competitor.

In December 2017, Luceco plc released a trading update which revised downwards the market's expectation for profitability.

Matt Webb was appointed as the new chief financial officer in February 2018, arriving from FTSE 100 building materials distribution company Ferguson plc.

Luceco plc released a second trading update in March 2018, revising market guidance. The business also noted headwinds in UK retail (which represents 25% of Luceco plc's sales) but announced the positive progress of actions initiated in December 2017 to restore margin to previous levels of profitability.

Outlook

Luceco plc continues to seek organic growth through greater penetration of the UK market and entry into new territories. The business has stated an ambition to acquire complementary businesses for access to new markets and adjacent product ranges.

Whittard of Chelsea

Speciality tea, coffee and cocoa brand

Key facts

Location:	**Oxfordshire**
Sector:	**Consumer**
Type of deal:	**Turnaround**
Equity holding*:	**85.3%**
Financial year:	**December**
Latest sales:	**£34.7m (2017)**

Description

Whittard of Chelsea ("Whittard") is a British heritage brand supplying a premium quality range of tea, coffee and cocoa to a global consumer market. The business operates an established omni-channel platform spanning retail (50 UK stores), e-commerce (UK site with global distribution), Tmall (leading Chinese e-commerce platform), wholesale and franchise.

Background

Founded by Walter Whittard in 1886, Whittard has accumulated 130 years of specialist expertise, establishing strong brand recognition and a loyal customer base. Since the acquisition in 2008, EPE and management have led the successful turnaround of Whittard by restructuring its operations, developing a scalable omni-channel platform and investing in the brand to establish a premium positioning appropriate to the brand's heritage.

Recent developments

UK and international consumers have responded positively to the updated positioning and the business has built positive momentum, delivering sales and profit growth. The strategy remains focused on optimising the UK business and developing international channels.

In 2017, Whittard achieved pleasing growth, significantly ahead of the wider UK retail market. The business's customer base reacted positively to the brand's differentiated product and positioning. Internationally Whittard has successfully entered the Chinese market via Tmall, the online B2C platform.

Outlook

Whittard is ideally positioned in a large and growing global market with its strong brand and omni-channel platform, and also benefits from the macro consumer trends for premiumisation and health and wellness trends and the appetite internationally for heritage British brands.

* On a non-diluted basis

Process Components

Equipment supplier to the powder processing industry

PROCESSCOMPONENTS
MUCON | KEK | GARDNER | PPS

Key facts

Location:	**Cheshire**
Sector:	**Engineering**
Type of deal:	**Turnaround**
Equity holding:	**85.0%**
Financial year:	**June**
Latest sales:	**£6.6m (2017)**

Description

Manufacturer and supplier of high quality equipment, commodity components and spares for the powder and liquid processing and handling industries

Background

Process Components ("PCL") was formed in June 2009 after a restructuring of a larger processing equipment supplier.

Historically PCL manufactured valves and spares for powder processing machines that it supplied from a third-party.

In 2016, PCL started production of these powder processing machines in-house with margin and efficiencies benefits.

Recent developments

In May 2017 the Company completed a relocation to new premises offering over 17,000 sq. ft. of space, enabling an improvement in storage, workshop and manufacturing capabilities.

The business has introduced new product ranges both in the US and UK, to which customers have responded well.

Outlook

PCL is demonstrating positive momentum, achieving record levels of backlog and pipeline orders. Management have identified attractive re-investment opportunities including international sales offices, new and improved product test centres, training facilities and a new MRP system to drive sales and improve operations.

Pharmacy2U

Leading online pharmacy in the UK

Pharmacy2U
Your prescriptions, taken care of.

Key facts

Location:	**West Yorkshire**
Sector:	**Healthcare**
Type of deal:	**Growth**
Equity holding*:	**2.0%**
Financial year:	**March**
Latest sales:	**£25.8m (2017)**

* Post growth capital investment, March 2018 and on a non-diluted basis

Description

Pharmacy2U ("P2U") is focussed on delivering repeat NHS prescriptions to patients in the community. Repeat prescriptions comprise c.80% of the c.£10 billion NHS community prescription market.

P2U benefits from highly attractive customer dynamics, with low churn rates following patient acquisition and significant lifetime value.

P2U operates from a facility in Leeds which employs automated dispensing systems and has substantial capacity to support growth.

Background

P2U created the concept of online pharmacy and, in conjunction with the NHS, developed the Electronic Prescription Service ("EPS") technology. EPS allows for prescriptions to be electronically signed by doctors and medicines to be delivered direct to the home.

Funds advised by EPE originally provided growth capital to exploit this opportunity in November 2002 and ESO plc acquired its interest in P2U in September 2010.

Recent developments

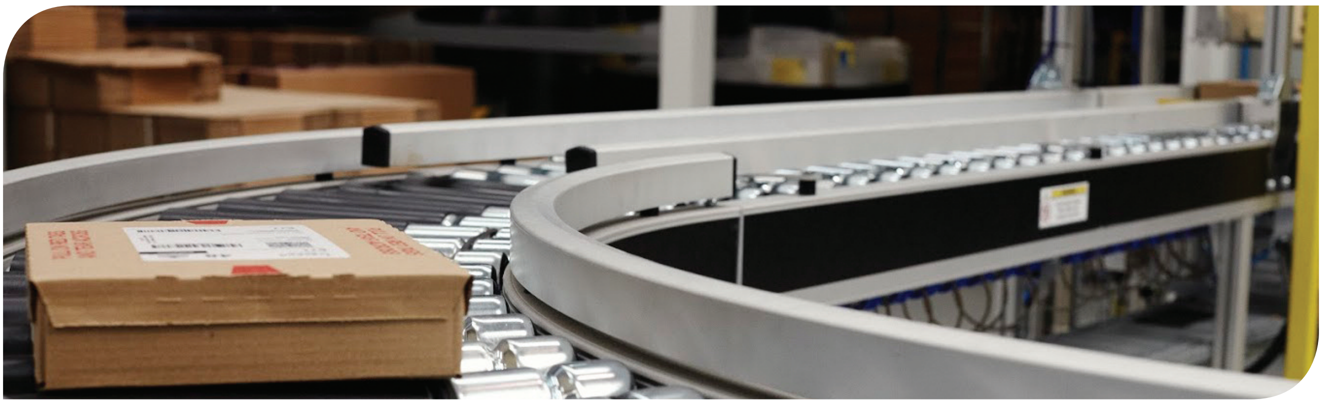
In July 2016, P2U merged with Chemist Direct to create a clear leader in the online pharmacy market. In conjunction with the merger P2U raised £6m of new growth capital from the Business Growth Fund ("BGF") to support customer acquisition.

In September 2017, P2U exceeded 100,000 active patients.

In March 2018, P2U raised £40 million new growth capital from G Square. At the same time the Company sold down 50% of its investment in P2U, achieving a 2.0x MM realised return.

Outlook

P2U's focus remains on acquiring patients with NHS repeat prescription requirements. In order to support its growth trajectory P2U continues to investigate options to raise additional expansion funding.



David Phillips

Leading furniture provider to the UK property sector

DAVID PHILLIPS/

Key facts

Location:	**London**
Sector:	**Property Services**
Type of deal:	**Turnaround**
Equity holding*:	**40.0%**
Financial year:	**March**
Latest sales:	**£50.4m (2017)**

Description

David Phillips provides furniture and furnishing services to the UK property sector, supplying owners, managers, agents and developers in the residential, student accommodation and social housing sectors.

Background

The business was established in 1999 as a London-focused furniture supplier and has since expanded through acquisitions, increasing its geographic reach and product offering to become a clear market leader.

Recent developments

ESO plc invested in the business in December 2017.

Outlook

David Phillips has grown rapidly over the last 5 years; in the near term there will be a focus on consolidation and business efficiency improvements.

In the long term, significant growth opportunities have been identified, both to consolidate the UK market and to enter other European markets.

* On a non-diluted basis

ESO plc portfolio asset: Whittard of Chelsea

Governance Report

Risk and Audit Committee Report

The Risk and Audit Committee is chaired by Clive Spears and comprises all other Directors.

The Risk and Audit Committee's main duties are:

- To review and monitor the integrity of the interim and annual financial statements, interim statements, announcements and matters relating to accounting policy, laws and regulations of the Company;
- To evaluate the risks to the quality and effectiveness of the financial reporting process;
- To review the effectiveness and robustness of the internal control systems and the risk management policies and procedures of the Company;
- To review the valuation of portfolio investments;
- To review corporate governance compliance;
- To review the nature and scope of the work to be performed by the Auditors, and their independence and objectivity; and
- To make recommendations to the Board as to the appointment and remuneration of the external auditors.

The Risk and Audit Committee has a calendar which sets out its work programme for the year to ensure it covers all areas within its remit appropriately. It met four times during the period under review to carry out its responsibilities and senior representatives of the Investment Advisor attended the meetings as required by the Risk and Audit Committee. In between meetings, the Risk and Audit Committee chairman maintains ongoing dialogue with the Investment Advisor and the lead audit partner via visits and meetings at the office of the Investment Advisor.

During the past year the Risk and Audit Committee carried out an ongoing review of its own effectiveness and the Board carried out a review of the Committee's terms of reference. These concluded that the Risk and Audit Committee is satisfactorily fulfilling its terms of reference and is operating effectively. Additional risk lines have been agreed covering Cyber Security and macro influences, such as Brexit.

Significant accounting matters

The significant issue considered by the Risk and Audit Committee during the year in relation to the financial statements of the Company is the valuation of unquoted investments.

The Company's accounting policy for valuing investments is set out in notes 10 and 11. The Risk and Audit Committee examined and challenged the valuations prepared by the Investment Advisor, taking into account the latest available information on the Company's investments and the Investment Advisor's knowledge of the underlying portfolio companies through their ongoing monitoring. The Risk and Audit Committee satisfied itself that the valuation of investments had been carried out consistently with prior accounting periods, or that any change in valuation basis was appropriate, and was conducted in accordance with published industry guidelines.

The Auditors explained the results of their review of the procedures undertaken by the Investment Advisor in preparation of valuation recommendations for the Risk and Audit Committee. On the basis of their audit work, no material adjustments were identified by the Auditor.

External audit

The Risk and Audit Committee reviewed the audit plan and fees presented by the Auditors, KPMG Audit LLC ("KPMG"), and considered their report on the financial statements. The fee for the audit of the annual report and financial statements of the Company for the year ended 31 January 2018 is expected to be £28,275 (2017: £27,450).

The Risk and Audit Committee reviews the scope and nature of all proposed non-audit services before engagement, with a view to ensuring that none of these services have the potential to impair or appear to impair the independence of their audit role. The Committee receives an annual assurance from the Auditors that their independence is not compromised by the provision of such services, if applicable. During the period under review, the Auditors did not provide any non-audit services to the Company.

External audit (continued)

KPMG were appointed as Auditors to the Company for the year ending 31 January 2005 audit. The Risk and Audit Committee does regularly consider the need to put the audit out to tender, the Auditors' fees and independence, alongside matters raised during each audit. The appointment of KPMG has not been put out to tender as yet as the Committee, from ongoing direct observation and indirect enquiry of the Investment Advisor, remain satisfied that KPMG continue to provide a high-quality audit and effective independent challenge in carrying out their responsibilities. The Company adheres to a five year roll over in relation to the Auditor partner.

Having considered these matters and the continuing effectiveness of the external auditor, the Risk and Audit Committee has recommended to the Board that KPMG be appointed as Auditors for the year ending 31 January 2019.

The Board will review the performance and services offered by R&H as fund administrator following their recent appointment and EPEA as fund sub-administrator on an ongoing basis. An external assurance review was completed in the past year to provide comfort to the Board regarding operational processes undertaken by EPEA.

Risk management and internal control

The Company does not have an internal audit function. The Risk and Audit Committee believes this is appropriate as all of the Company's operational functions are delegated to their party service providers who have their own internal control and risk monitoring arrangements. A report on these arrangements is prepared by each third party service provider and submitted to the Risk and Audit Committee which it reviews on behalf of the Board to support the Directors' responsibility for overall internal control. The Company does not have a whistleblowing policy and procedure in place. The Company delegates this function to the Investment Advisor who is regulated by the FCA and has such policies in place. The Risk and Audit Committee has been informed by the Investment Advisor that these policies meet the industry standards and no whistleblowing took place during the year.

Clive Spears
Chairman of the Risk and Audit Committee
1 May 2018

ESO plc portfolio company: Luceco plc

Audited Financial Statements

Contents

Report of the Directors

Principal activity

The Company was incorporated in the Isle of Man as a company limited by shares under the the Isle of Man Companies Acts 1931 to 1993 with registration number 108834C on 25 July 2003. On 23 July 2012, the Company re-registered under the Isle of Man Companies Act 2006, with registration number 008597V. The Company's ordinary shares are quoted on AIM, a market operated by the London Stock Exchange, and the Growth Market of the NEX Exchange.

The principal activity of the Company and its subsidiaries and its associates ("the Group") is to arrange income yielding financing for growth, buyout and special situations and holding the investments with a view to exiting in due course at a profit.

Incorporation

The Company was incorporated on 25 July 2003. The Company's registered office is:

IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP.

Details of subsidiaries are provided in note 23.

Place of business

Since 17 May 2017, the Company has solely operated out of and has been controlled from:

Ordnance House, 31 Pier Road, St Helier, Jersey, JE4 8PW

Results of the financial year

Results for the year are set out in the Consolidated Statements of Comprehensive Income on page 43 and in the Consolidated Statement of Changes in Equity on page 45.

Dividends

The Board does not recommend a dividend in relation to the current year (2017: nil) (see note 9 for further details).

Corporate governance principles

As an Isle of Man registered company and under the AIM Rules for companies, the Company is not required to comply with the UK Corporate Governance Code published by the Financial Reporting Council ("Code"). The Directors, however, place a high degree of importance on ensuring that the Company maintains high standards of Corporate Governance and have therefore adopted the spirit of the Code to the extent that they consider appropriate, taking into account the size of the Company and nature of its operations. This includes a periodic internal evaluation of board performance.

The Board holds at least four meetings annually and has established Audit and Risk and Investment committees. The Board does not intend to establish remuneration and nomination committees given the current composition of the Board and the nature of the Company's operations. The Board reviews annually the remuneration of the Directors and agrees on the level of Directors' fees.

Composition of the Board

The Board currently comprises five non-executive directors, all of whom are independent. Geoffrey Vero is Chairman of the Board, Clive Spears is Chairman of the Risk and Audit Committee and Nicholas Wilson is Chairman of the Investment Committee.

Risk and Audit Committee

The activities of the Risk and Audit Committee continued, members of which are Clive Spears (Chairman of the Committee) and all the other Directors. The Risk and Audit Committee provides a forum through which the Company's external auditors report to the Board.

The Risk and Audit Committee meets twice a year, at a minimum, and is responsible for considering the appointment and fee of the external auditors and for agreeing the scope of the audit and reviewing its findings. It is responsible for monitoring compliance with accounting and legal requirements, ensuring that an effective system of internal controls in maintained and for reviewing annual and interim financial statements of the Company before their submission for approval by the Board. The Risk and Audit Committee has adopted and complied with the extended terms of reference implemented on the Company's readmission in August 2010, as reviewed by the Board from time to time.

The Board is satisfied that the Risk and Audit Committee contains members with sufficient recent and relevant financial experience.

Investment Committee

The Board established an Investment Committee, which comprises Nicholas Wilson (Chairman of the Committee) and all the other Directors. The purpose of this committee is to review the portfolio of the Company and evaluate the performance of the Investment Advisor.

The Board is satisfied that the Investment Committee contains members with sufficient recent and relevant financial experience.

Significant holdings

Significant shareholdings are analysed on page 68. The Directors are not aware of any other holdings greater than 3% of issued shares.

Directors

The Directors of the Company holding office during the financial year and to date are:

Mr. G.O. Vero (Chairman)
Mr. R.B.M. Quayle
Mr. C.L. Spears
Mr. N.V. Wilson
Ms. H. Bestwick (appointed 10 February 2017)

Staff

At 31 January 2018 the Group employed no staff (2017: none).

Auditors

Our Auditors, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office.

On behalf of the Board

Nicholas Wilson
Director

1 May 2018

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

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

The Directors are required to prepare Group financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU), as applicable to an Isle of Man company and applicable law.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Isle of Man Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of EPE Special Opportunities plc

1 Our opinion is unmodified

We have audited the financial statements of EPE Special Opportunities plc ("the Company") for the year ended 31 January 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Assets and Liabilities, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 January 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), as applicable to an Isle of Man company; and
- the financial statements have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
The carrying value of investments in associates and loans to associates and related companies includes the Group's effective share of exposure to unquoted private equity investments of £22.8 million (2017: £17.6 million). Refer to page 30 (Significant accounting matters identified by the Risk and Audit Committee), notes 3(f) (accounting policy); note 10 (non-current assets), note 11 (financial assets and liabilities) and note 20 (financial instruments disclosures).	**Subjective valuation:** Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples and net assets. The preparation of the fair value estimate for the investments and related disclosures involves subjective judgments or uncertainties, which requires special audit consideration because of the likelihood and potential magnitude of misstatements to the valuation of the financial instrument.	Our procedures included: **Control design:** Documenting and assessing the processes in place to record investment transactions and to value the portfolio. **Tests of detail:** – **Methodology choice:** We challenged the appropriateness of the valuation basis selected by comparison with observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines; – **Our valuations experience:** Challenging key judgements affecting investee company valuations, such as discount factors and the choice of benchmark for sales or earnings multiples, by comparing key underlying financial data inputs to external sources and investee company management accounts information as applicable. We challenged the assumptions around sustainability of sales and earnings by comparison with the plans of the investee companies and assessment as to whether these are achievable. Further, we obtained an understanding of existing and prospective investee company cash flows to understand whether borrowings can be serviced or whether refinancing may be required. Our work included consideration of events which occurred subsequent to the year end up until the date of this audit report; – **Assessing transparency:** Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of unquoted investments.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £1,990,000 (2017: £2,853,000), determined with reference to a benchmark of Groups' net assets, of which it represents 3% (2017: 3%).

Whilst our audit procedures are designed to identify misstatements (including disclosure misstatements) which are material to our opinion on the financial statements as a whole, we nevertheless report any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260, we are obliged to report omissions or misstatements (including disclosure misstatements) other than those which are 'clearly trivial' to those charged with governance. ISA 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

The Group's associates were subjected to full scope statutory audit by the Group audit team and subject to a lower level of materiality based on their individual financial statements.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £99,500 (2017: £106,000) for Group's financial statements, in addition to other identified misstatements that warranted reporting on qualitative grounds.

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information, which comprises the Chairman's Statement, the Investment Advisor's Report, the Governance Report, the Risk and Audit Committee and the Directors' Report included in the annual report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the directors' report for the financial year is consistent with the financial statements.

6 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 38, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

7 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Section 80(c) of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

1 May 2018

Consolidated Statement of Comprehensive Income

For the year ended 31 January 2018

Note		Revenue £	Capital £	31 January 2018 Total £	31 January 2017 Total £
	Income				
4	Interest income	33,477	–	33,477	12,558
	Total income	**33,477**	**–**	**33,477**	**12,558**
	Expenses				
5	Investment advisor's fees	(2,370,687)	–	(2,370,687)	(1,181,626)
5	Administration fees	(218,589)	–	(218,589)	(119,680)
6	Directors' fees	(161,500)	–	(161,500)	(124,000)
	Directors' and Officers' insurance	(3,974)	–	(3,974)	(3,988)
	Professional fees	(211,428)	–	(211,428)	(70,942)
	Board meeting and travel expenses	(7,391)	–	(7,391)	(10,974)
	Auditors' remuneration	(35,800)	–	(35,800)	(35,700)
	Bank charges	(868)	–	(868)	(1,068)
	Irrecoverable VAT	(32,764)	–	(32,764)	(310,161)
7	Share based payment expense	(210,043)	–	(210,043)	(245,750)
	Sundry expenses	(60,300)	–	(60,300)	(27,637)
	Nominated advisor and broker fees	(60,405)	–	(60,405)	(63,935)
	Listing fees	(28,511)	–	(28,511)	(31,643)
	Total expenses	**(3,402,260)**	**–**	**(3,402,260)**	**(2,227,104)**
	Net expense	**(3,368,783)**	**–**	**(3,368,783)**	**(2,214,546)**
	(Losses)/gains on investments				
10	Share of (loss)/profit of associates	–	(32,258,774)	(32,258,774)	63,958,644
	Gain on fair value of loan to related companies	–	40,000	40,000	–
	(Loss)/gain for the year on investments	**–**	**(32,218,774)**	**(32,218,774)**	**63,958,644**
	Finance charges				
15	Interest on unsecured loan note instruments	(618,765)	–	(618,765)	(618,765)
15	Interest on convertible loan note instruments	–	–	–	(129,126)
	(Loss)/profit for the year before taxation	**(3,987,548)**	**(32,218,774)**	**(36,206,322)**	**60,996,207**
8	**Taxation**	–	–	–	–
	(Loss)/profit for the year	**(3,987,548)**	**(32,218,774)**	**(36,206,322)**	**60,996,207**
	Other comprehensive income	–	–	–	–
	Total comprehensive (loss)/income	**(3,987,548)**	**(32,218,774)**	**(36,206,322)**	**60,996,207**
17	**Basic (loss)/earnings per ordinary share (pence)**	**(14.15)**	**(114.30)**	**(128.45)**	**213.39**
17	**Diluted (loss)/earnings per ordinary share (pence)**	**(14.15)**	**(114.30)**	**(128.45)**	**211.78**

The total column of this statement represents the Group Statement of Comprehensive Income, prepared in accordance with IFRSs. The Supplementary revenue and capital return columns are prepared in accordance with the Board of Directors' agreed principles. All items derive from continuing activities.

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Assets and Liabilities

At 31 January 2018

Note		31 January 2018 £	31 January 2017 £
	Non-current assets		
10	Investments in associates	41,391,258	73,609,872
10,13	Loans to associates and related companies	5,152,739	1,012,055
		46,543,997	**74,621,927**
	Current assets		
12	Cash and cash equivalents	28,047,141	37,232,756
	Trade and other receivables	98,774	99,290
		28,145,915	**37,332,046**
	Current liabilities		
14	Trade and other payables	(464,322)	(684,996)
13	Loans from associates and related companies	–	(276,510)
		(464,322)	**(961,506)**
	Net current assets	**27,681,593**	**36,370,540**
	Non-current liabilities		
15	Unsecured loan note instruments	(7,882,736)	(7,862,131)
		(7,882,736)	**(7,862,131)**
	Net assets	**66,342,854**	**103,130,336**
	Equity		
16	Share capital	1,503,286	1,568,568
16	Share premium	3,867,209	2,893,562
	Capital reserve	48,581,390	80,800,164
	Revenue reserve	12,390,969	17,868,042
	Total equity	**66,342,854**	**103,130,336**
18	**Net asset value per share (pence)**	**234.43**	**364.13**

The financial statements were approved by the Board of Directors on 1 May 2018 and signed on its behalf by:

Geoffrey Vero
Director

Clive Spears
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 January 2018

Note		Share capital £	Share premium £	Capital reserve £	Revenue reserve £	Total £
		Year ended 31 January 2018				
	Balance at 1 February 2017	1,568,568	2,893,562	80,800,164	17,868,042	103,130,336
	Total comprehensive loss for the year	–	–	(32,218,774)	(3,987,548)	(36,206,322)
	Contributions by and distributions to owners					
7	Share based payment charge	–	–	–	210,043	210,043
	Share ownership scheme participation	–	–	–	15,915	15,915
16	Purchase of treasury shares	(94,786)	–	–	(1,715,483)	(1,810,269)
16	Issue of new shares	29,504	973,647	–	–	1,003,151
	Total transactions with owners	**(65,282)**	**973,647**	**–**	**(1,489,525)**	**(581,160)**
	Balance at 31 January 2018	**1,503,286**	**3,867,209**	**48,581,390**	**12,390,969**	**66,342,854**

Note		Share capital £	Share premium £	Capital reserve £	Revenue reserve £	Total £
		Year ended 31 January 2017				
	Balance at 1 February 2016	1,543,206	2,056,590	16,841,520	23,020,022	43,461,338
	Total comprehensive income for the year	–	–	63,958,644	(2,962,437)	60,996,207
	Contributions by and distributions to owners					
7	Share based payment charge	–	–	–	245,750	245,750
16	Purchase of treasury shares	–	–	–	(2,435,293)	(2,435,293)
16	Issue of new shares	25,362	836,972	–	–	862,334
	Total transactions with owners	**25,362**	**836,972**	**–**	**(2,189,543)**	**(1,327,209)**
	Balance at 31 January 2017	**1,568,568**	**2,893,562**	**80,800,164**	**17,868,042**	**103,130,336**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 January 2018

Note		31 January 2018 £	31 January 2017 £
	Operating activities		
	Interest income received	8,450	12,558
	Expenses paid	(3,414,475)	(1,597,954)
19	**Net cash used in operating activities**	**(3,406,025)**	**(1,585,396)**
	Investing activities		
	Loan advances to associates	(2,045,657)	–
	Loan advances to investee companies	(2,030,000)	–
	Loan repayment to associates	(274,410)	–
10	Capital (contribution to)/distribution from associates	(40,160)	36,416,460
	Net cash (used in)/generated from investing activities	**(4,390,227)**	**36,416,460**
	Financing activities		
16	Issue of new shares	1,003,151	–
	Convertible loan note interest paid	–	(102,236)
	Convertible loan note repurchases	–	(1,017,714)
	Unsecured loan note interest paid	(598,159)	(598,159)
16	Purchase of treasury shares	(1,810,269)	(2,435,293)
16	Share ownership scheme participation	15,914	–
	Net cash generated used in financing activities	**(1,389,363)**	**(4,153,402)**
	(Decrease)/increase in cash and cash equivalents	(9,185,615)	30,677,662
	Cash and cash equivalents at start of year	37,232,756	6,555,094
	Cash and cash equivalents at end of year	**28,047,141**	**37,232,756**

The accompanying notes form an integral part of these financial statements.

1 Operations

The Company was incorporated with limited liability in the Isle of Man on 25 July 2003. The Company then re-registered under the Isle of Man Companies Act 2006, with registration number 008597V. The Company raised £30.0 million by a placing of ordinary shares at 100 pence per share. The Company moved its operations to Jersey with immediate effect on 17 May 2017 and subsequently operates and is controlled from Jersey only.

The Company's ordinary shares are quoted on AIM, a market operated by the London Stock Exchange, and the Growth Market of the NEX Exchange.

The Company has two wholly owned subsidiary companies (see note 23) and at 31 January 2018, had interests in four partnerships and one limited company that are accounted for as associates. The partnerships comprise one limited liability partnership and three limited partnerships.

The principal activity of the Group and its associates is to arrange income yielding financing for growth, buyout and special situations and holding the investments and its associates with a view to exiting in due course at a profit.

The consolidated financial statements comprise the results of the Group and its associates (see notes 3(a) and 23).

The Company has no employees.

2 Basis of preparation

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the EU ("IFRS") and applicable legal and regulatory requirements of Isle of Man law and reflect the following policies, which have been adopted and applied consistently, with the exception of the adoption of the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 February 2017:

a. Annual improvements to IFRS – 2014-2016 cycle – various standards

b. Investment entities –IFRS 12: Disclosure of interests in other entities

c. Disclosure initiative – amendments to IAS 7

d. IAS 12 Income Taxes (Amendment – Recognition of Deferred Tax Assets for Unrealised Losses)

The adoption of the above new standards has had no significant impact on the Groups' measurement of its assets and liabilities, and no impact on the disclosures included in the financial statements.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss which are measured at fair value.

c. Functional and presentation currency

These consolidated financial statements are presented in Sterling, which is the Group's functional currency. All financial information presented in Sterling has been rounded to the nearest pound.

d. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires Directors and the Investment Advisor to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Directors have, to the best of their ability, provided as true and fair a view as is possible. Actual results may differ from these estimates.

2 Basis of preparation continued

d. Use of estimates and judgements continued

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.

Judgements made by Directors and the Investment Advisor in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year relate to impairment provisioning in connection with secured loans and valuations of unquoted equity investments held by associates (see note 11).

3 Significant accounting policies

a. Basis of consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to effect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Associates

Associates are those enterprises over which the Company has significant influence, and which are neither subsidiaries nor an interest in a joint venture. Significant influence is exerted when the Company has the power to participate in the financial and operating policy decision of the investee, but is not in control or joint control over those policies.

The Company holds interests in ESO Investments 1 LP, ESO Alternative Investments LP, ESO Investments (PC) LLP, ESO Investments 2 LP and ESO Investments (DP) Limited which are managed and controlled by parties related to EPE for the benefit of the Company and the other members. The Company does not have the ability to direct the activities of ESO Investments 1 LP, ESO Alternative Investments LP, ESO Investments (PC) LLP, ESO Investments 2 LP and ESO Investments (DP) Limited. The Directors consider that ESO Investments 1 LP, ESO Alternative Investments LP, ESO Investments (PC) LLP, ESO Investments 2 LP and ESO Investments (DP) Limited do not meet the definition of subsidiaries. These entities are instead treated as associates.

The Company applies the equity method in accounting for associates. The investment is initially measured at cost and the carrying amount is increased or decreased to recognise the Company's share of the associate's profit or loss. Accounting policies of associates are aligned with those of the Group.

b. Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business and geographic area being arranging financing for growth, buyout and special situations in the United Kingdom. Information presented to the Board of Directors for the purpose of decision making is based on this single segment.

c. Income

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is accounted for when the right to receive such income is established.

d. Expenses

All expenses are accounted for on an accruals basis.

3 Significant accounting policies continued

e. Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purposes of meeting short-term cash commitments rather than for investments or other purposes.

f. Financial assets and financial liabilities

i. Classification

Equity and preference share investments, including those held by associates, have been designated at fair value through profit or loss.

Financial assets that are designated as loans and receivables comprise loans and accrued interest and other receivables.

ii. Recognition

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

iii. Measurement

Equity and preference share investments, including those held by associates, are stated at fair value. Loans and receivables are stated at amortised cost less any impairment losses.

The Investment Advisor determines asset values using IPEV guidelines and other valuation methods with reference to the valuation principles of IFRS 13. The valuation principles adopted are classified as Level 3 for unquoted investments and Level 1 for quoted investments in the IFRS 7 fair value hierarchy. IPEV guidelines recommend the use of comparable quoted company metrics and comparable transaction metrics to determine an appropriate enterprise value, to which a marketability discount is applied given the illiquid nature of private equity investments. The Investment Advisor also seeks to confirm value using discounted cash flow and other methods of valuation, and by applying a range approach. The Investment Advisor then seeks to determine whether holding the investment at cost is appropriate given the implied value, or whether an adjustment should be made to achieve fair value: whether this be in the form of an impairment or a write-up.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantages market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Group measures instruments quoted in an active market at mid-price.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Financial assets that are not carried at fair value though profit and loss are subject to an impairment test. For loans to portfolio companies the impairment test is undertaken as part of the assessment of the fair value of the enterprise value of the related business, as described above. If expected life cannot be determined reliably, then the contractual life is used.

3 Significant accounting policies continued

iv. Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the profit or loss as the difference between the asset's carrying amount and the higher of its fair value less costs to sell and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases, and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the profit or loss.

v. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

The Company uses the weighted average method to determine realised gains and losses on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

g. Share capital

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

h. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible loan note instruments that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

When convertible loan notes are repurchased, the nominal value of the convertible loan notes repurchased is first deducted from the consideration paid with any gain or loss from the repurchase being recognised in the profit or loss.

Interest, dividends, losses and gains in relation to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised in equity net of any tax benefits.

3 Significant accounting policies continued

i. EPIC Private Equity Employee Benefit Trust ("EBT")

As the Company is deemed to have control of its EBT, the EBT is treated as a subsidiary and consolidated for the purposes of the Group financial statements. The EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Group financial statements. The EBT's investment in the Company's shares is deducted from shareholders' funds in the Group Statement of asset and liabilities as if they were treasury shares (see note 7).

Share based payments

Certain employees (including Directors) of the Company and the Investment Advisors receive remuneration in the form of equity settled share-based payment transactions, through a Joint Share Ownership Plan ("JSOP").

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is determined based on the share price of the equity instrument at the grant date. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. The instruments are subject to a three year service vesting condition from the grant date, and their fair value is recognised as an employee benefit expense with a corresponding increase in retained earnings within equity over the vesting period.

Contributions received from employees as part of the JSOP arrangement are recognised directly in equity.

j. Future changes in accounting policies

The International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards and interpretations with an effective date after the date of these financial statements:

IFRS Standards and Interpretations (IAS/IFRS)	EU effective date (accounting periods commencing on or after)
IFRS 9 Financial Instruments (issued on 24 July 2014)	1 January 2018
IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (issued on 11 September 2015)	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

Amendments	EU effective data (accounting periods commencing on or after)
Annual improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)	1 January 2017
Annual improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017)	Not yet endorsed
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016)	1 January 2018
Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)	1 January 2018
Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation (issued on 12 October 2017)	Not yet endorsed
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017)	Not yet endorsed

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

4 Interest income

	2018 Group £	2017 Group £
Cash balances	8,450	12,558
Bond interest income	25,027	–
Total	**33,477**	**12,558**

5 Investment advisory, administration and performance fees

Investment advisory fees

Company

As agreed on the 31 August 2010, the investment advisory fee payable to EPIC Private Equity LLP ("EPE") is calculated at 2% of the Group's Net Asset Value ("NAV"), with a minimum of £325,000 payable per annum. The charge for the current year was £2,370,687 (2017: £1,181,626). Amount outstanding as at 31 January 2018 was £386,934 (2017: £600,000).

ESO 1 LP

The members of ESO 1 LP restated the Limited Partnership agreement on 25 July 2015. The restated agreement allocated the Investment Advisor a fixed priority profit share of £350,000 per annum (previously £800,000 per annum).

Administration fees

On 30 November 2007 the Group entered into an agreement with FIM Capital Limited ("FIM"), for the provision of administration, registration and secretarial services. On 17 May 2017 and concurrent with the move of the Company's operations to Jersey, R&H Fund Services (Jersey) Limited ("R&H") were appointed as the Company's administrators.

The provision of accounting and financial administration services has been delegated to EPE Administration Limited ("EPEA", formerly EHM International Limited). The fee payable to EPEA is at a rate of 0.15% per annum of the Group's NAV. The charge for the current year was £161,697 (2017: £100,508). Amount outstanding as at 31 Jan 2018 was £9,673 (2017: £15,000).

Performance fees

Company

The Investment Advisory Agreement with EPE as described above also provides for the provision of a performance fee. The fee is payable if the Total Return (taken as NAV plus dividends distributed) is equal to at least 8% per annum from the date of admission of the Company's shares to AIM, based on the funds raised through the placing of shares and compounded annually. No performance fee has accrued for the year ended 31 January 2018 (2017: £nil).

Carried interest in ESO 1 LP

The distribution policy of ESO 1 LP includes a carried interest portion retained for the Investment Advisor such that, for each investor where a hurdle of 8% per annum has been achieved, the carry vehicle of the Investment Advisor is entitled to receive 20% of the increase in that investor's investment. For the year ended 31 January 2018, £8,115,607 has been debited from the carry account of the Investment Advisor in the records of ESO 1 LP (2017: Credit of £6,944,664).

Carried interest in ESO (PC) LLP

The Investment Advisor is entitled to receive 20% of the profits of ESO (PC) LLP where a hurdle of 8% has been achieved over the initial value of the investment. For the year ended 31 January 2018, £50,646 (2017: £844,822) was credited to the Investment Advisor.

6 Directors' fees

	2018 Group £	2017 Group £
G.O. Vero (Chairman)	32,000	32,000
R.B.M. Quayle	30,000	30,000
C.L. Spears	32,000	32,000
N.V. Wilson	30,000	30,000
H. Bestwick	37,500	–
Total	**161,500**	**124,000**

H. Bestwick received £37,500 as a Directors' fee (2017: nil) of which £30,000 relates to her ongoing appointment and £7,500 relates to services provided prior to her appointment.

7 Share based payment expense

The cost of equity settled transactions with certain Directors of the Company and other participants (including employees, members and consultants of the Investment Advisor) ("Participants") is measured by reference to the fair value at the date on which they are granted. The fair value is determined based on the share price of the equity instrument at the grant date.

The EBT was created to award shares to Participants as part of the JSOP. Participants are awarded a certain number of shares ("Matching Shares") which vest after three years. In order to receive their Matching Share allocation Participants are required to purchase shares in the Company on the open market ("Bought Shares"). The Participant will then be entitled to acquire a joint ownership interest in the Matching Shares for the payment of a nominal amount, on the basis of one joint ownership interest in one Matching Share for every Bought Share they acquire in the relevant award period.

The EBT holds the Matching Shares jointly with the Participant until the award vests.

The EBT held 420,050 (2017: 1,547,065) matching shares at the year end which have traditionally not voted (see note 16).

The amount expensed in the income statement has been calculated by reference to the grant date fair value of the equity instrument and the estimated number of equity instruments to be issued after the vesting period, less the nominal amount paid for the joint ownership interest in the Matching Shares. The total expense recognised on the share based payments during the year amounts to £210,043 (2017: £245,750).

8 Taxation

The Company was a tax resident of Isle of Man until 17 May 2017 and has been a tax resident of Jersey thereafter. The Company is subject to 0% income tax (2017: 0%).

The Limited Liability Partnerships and Limited Partnerships are transparent for tax purposes.

ESO Investments (DP) Limited is tax resident in the United Kingdom and did not have any tax charge in the current period.

9 Dividends paid and proposed

No dividends were paid or proposed for the year ended 31 January 2018 (2017: £nil).

10 Non-current assets

	2018 £	2017 £
Financial assets		
Investments in associates	41,391,258	73,609,872
Loans to associates and related companies (note 13)	5,152,739	1,012,055
Total	**46,543,997**	**74,621,927**

Investment in associates

The Investment Advisor has applied appropriate valuation methods with reference to IPEV guidelines and the valuation principles of IAS 39 Financial Instruments: Recognition and Measurement, with regard to the underlying investments held by the associates. See note 11 regarding the assessment of the fair values of the underlying investments.

Investments in associates comprise the investment in ESO Investments 1 LP, ESO Investments (PC) LLP, ESO Alternative Investments LP, ESO Investments (DP) Limited and ESO Investments 2 LP which are stated at fair value through profit or loss. The fair value of the investment is calculated with reference to the Second Amended and Restated Limited Partnership Agreement for ESO Investments 1 LP, the Limited Liability Partnership Agreement for ESO Investments (PC) LLP, the Limited Liability Partnership Agreement for ESO Alternative Investments LLP and the Article of Association for ESO Investments (DP) Limited. The associates have accounted for their equity investments at fair value.

During the year, the Company received £nil (2017: £36,416,460) capital distribution from ESO Investments 1 LP, £nil (2017: £nil), from ESO Investments (PC) LLP and £nil (2017: nil) from ESO Alternative Investment LP, ESO Investments (DP) Limited and ESO Investments 2 LP. The movements in the associates during the year are as follows:

	ESO 1 LP £	ESO (PC) LLP £	ESO AI LP £	ESO (DP) Ltd £	ESO 2 LP £	Total £
Investment in associates						
Balance at 1 February 2017	65,783,930	7,825,942	–	–	–	73,609,872
Share of profit/(loss) from associates	(32,462,428)	(55,393)	305,466	(46,419)	–	(32,258,774)
Investment in associates	–	–	80	40,000	80	40,160
Balance at 31 January 2018	**33,321,502**	**7,770,549**	**305,546**	**(6,419)**	**80**	**41,391,258**

10 Non-current assets continued

Summary financial information for associates as at 31 January 2018 is as follows:

Vehicle	Total £	Minority interest £	ESO plc share £	Percentage share %
ESO 1 LP				
Non-current assets	41,282,258	(8,256,451)	33,025,807	80.0%
Current assets	3,233,610	(646,722)	2,586,888	80.0%
Current liabilities	(2,863,992)	572,799	(2,291,193)	80.0%
Net assets	**41,651,876**	**(8,330,374)**	**33,321,502**	**80.0%**
Income	570,268	(110,083)	460,185	80.7%
Gains/(losses) on investments	(40,594,020)	7,836,254	(32,757,766)	80.7%
Expenses	(204,281)	39,434	(164,847)	80.7%
Profit	**(40,228,033)**	**7,765,605**	**(32,462,428)**	**80.7%**
ESO (PC) LLP				
Non-current assets	9,453,084	(1,898,053)	7,555,031	79.9%
Current assets	270,674	(54,348)	216,326	79.9%
Current liabilities	(1,011)	203	(808)	79.9%
Net assets	**9,722,747**	**(1,952,198)**	**7,770,549**	**79.9%**
Income	–	–	–	–
Gains/(losses) on investments	–	–	–	–
Expenses	(4,747)	953	(3,794)	79.9%
Profit	**(4,747)**	**953**	**(3,794)**	**79.9%**
ESO AI LP				
Non-current assets	2,234,789	–	2,234,789	100.0%
Current assets	119,881	–	119,881	100.0%
Current liabilities	(2,049,124)	–	(2,049,124)	100.0%
Net assets	**305,546**	**–**	**305,546**	**100.0%**
Income	102,788	–	102,788	100.0%
Gains/(losses) on investments	253,419	–	253,419	100.0%
Expenses	(50,741)	–	(50,741)	100.0%
Profit	**305,466**	**–**	**305,466**	**100.0%**
ESO (DP) Ltd				
Non-current assets	–	–	–	–
Current assets	–	–	–	–
Current liabilities	(6,419)	–	(6,419)	100.0%
Net assets	**(6,419)**	**–**	**(6,419)**	**100.0%**
Income	–	–	–	–
Gains/(losses) on investments	(40,000)	–	(40,000)	100.0%
Expenses	(6,419)	–	(6,419)	100.0%
Profit	**(46,419)**	**–**	**(46,419)**	**100.0%**

10 Non-current assets continued

Vehicle	Total £	Minority interest £	ESO plc share £	Percentage share %
ESO 2 LP				
Non-current assets	100	(20)	80	80.0%
Current assets	–	–	–	–
Current liabilities	–	–	–	–
Net assets	**100**	**(20)**	**80**	**80.0%**
Income	–	–	–	–
Gains/(losses) on investments	–	–	–	–
Expenses	–	–	–	–
Profit	**–**	**–**	**–**	**–**
ESO plc				
Loans to associates and related companies	5,152,739	–	5,152,739	100.0%
Other assets and liabilities ESO plc	27,681,593	–	27,681,593	100.0%
Total	**32,834,332**	**–**	**32,834,332**	**100.0%**
Total assets less current liabilities	**84,508,182**	**(10,282,592)**	**74,225,590**	**87.8%**

Summary of ESO plc fund structure	Total £	Minority interest £	ESO plc share £	Percentage share £
ESO 1 LP	41,651,876	(8,330,374)	33,321,502	80.0%
ESO (PC) LLP	9,722,747	(1,952,198)	7,770,549	79.9%
ESO AI LP	305,546	–	305,546	100.0%
ESO (DP) Ltd	(6,419)	–	(6,419)	100.0%
ESO 2 LP	100	(20)	80	80.0%
ESO plc current assets, current liabilities and loans to related companies	32,834,332	–	32,834,332	100.0%
Total assets less current liabilities	**84,508,182**	**(10,282,592)**	**74,225,590**	**87.8%**

10 Non-current assets continued

Summary financial information for associates as at 31 January 2017 is as follows:

Vehicle	Total £	Minority interest £	ESO plc share £	Percentage share %
ESO 1 LP				
Non-current assets	81,090,140	(16,218,028)	64,872,112	80.0%
Current assets	4,735,863	(947,172)	3,788,691	80.0%
Current liabilities	(3,596,093)	719,220	(2,876,873)	80.0%
Net assets	**82,229,910**	**(16,445,980)**	**65,783,930**	**80.0%**
Income	685,005	(139,522)	545,483	79.6%
Gains/(losses) on investments	75,645,445	(15,407,480)	60,237,965	79.6%
Expenses	(247,461)	50,403	(197,058)	79.6%
Profit	**76,082,989**	**(15,496,599)**	**60,586,390**	**79.6%**
ESO (PC) LLP				
Non-current assets	9,453,084	(1,849,629)	7,603,455	80.4%
Current assets	276,610	(54,123)	222,487	80.4%
Net assets	**9,729,694**	**(1,903,752)**	**7,825,942**	**80.4%**
Income	–	–	–	–
Gains/(losses) on investments	4,224,784	(846,366)	3,378,418	80.0%
Expenses	(7,710)	1,546	(6,164)	80.0%
Profit	**4,217,074**	**(844,820)**	**3,372,254**	**80.0%**
ESO plc				
Loans to associates and related companies	1,012,055	–	1,012,055	100.0%
Loans from associates and related companies	(276,510)	–	(276,510)	100.0%
Other assets and liabilities ESO plc	36,647,050	–	36,647,050	100.0%
Total	**37,382,595**	**–**	**37,382,595**	**100.0%**
Total assets less current liabilities	**129,342,199**	**(18,349,732)**	**110,992,467**	**85.8%**

Summary of ESO plc fund structure	Total £	Minority interest £	ESO plc share £	Percentage share £
ESO 1 LP	82,229,910	(16,445,980)	65,783,930	80.0%
ESO (PC) LLP	9,729,694	(1,903,752)	7,825,942	80.4%
ESO plc current assets, current liabilities and loans to related companies	37,382,595	–	37,382,595	100.0%
Total assets less current liabilities	**129,342,199**	**(18,349,732)**	**110,992,467**	**85.8%**

11 Financial assets and liabilities

	2018 £	2017 £
Assets		
Financial assets at fair value through profit or loss – designated on initial recognition		
Investments in associates	41,391,258	73,609,871
Financial assets at amortised cost		
Loans and receivables and cash balances	33,298,654	38,344,101
Total financial assets	**74,689,912**	**111,953,972**
Liabilities		
Financial liabilities measured at amortised cost		
Other financial liabilities	(464,322)	(684,996)
Loans from associates and related companies	–	(276,510)
Unsecured loan note instruments	(7,882,736)	(7,862,131)
Total financial liabilities	**(8,347,058)**	**(8,823,637)**

Fair values of financial instruments

The fair values of financial assets and financial liabilities that are traded in an active market are based on quoted market prices. For all other financial instruments, the Group determines fair values using other valuation techniques, based on the IPEV guidelines.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Various valuation techniques may be applied in determining the fair value of investments held as Level 3 in the fair value hierarchy. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used. As discussed below, the Investment Advisor has selected to use the Sales/EBITDA multiples valuation model in arriving at the fair value of investments held as Level 3 in the fair value hierarchy.

11 Financial assets and liabilities continued

Valuation framework

The Group has developed a valuation framework with respect to the measurement of fair values. The valuation of investments is performed by the Investment Advisor. As detailed in note 3(f), the Investment Advisor determines fair values using the IPEV guidelines. The following approach is used:

- 'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk;
- The Sales/EBITDA multiples valuation model is used, based on budgeted Sales/EBITDA for the next financial year;
- Loans made are stated at amortised cost but impairment tested based on the enterprise value derived from the valuation.

Fair value hierarchy – Financial instruments measured at fair value

The table below analyses the underlying investments held by the associates measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. Debt securities are also included, as although stated at amortised cost, the Investment Advisor assesses the fair value of the total investment, which includes debt and equity. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring. There are no other financial assets or liabilities carried at fair value.

31 January 2018	Level 1 £	Level 3 £	Total £
Financial assets at fair value through profit or loss			
Unlisted private equity investments	–	14,737,400	14,737,400
Listed equity investments	28,763,616	–	28,763,616
Debt securities, unquoted	–	11,495,027	11,495,027
Total investments	**28,763,616**	**26,232,427**	**54,996,043**

31 January 2017	Level 1 £	Level 3 £	Total £
Financial assets at fair value through profit or loss			
Unlisted private equity investments	–	11,685,937	11,685,937
Listed equity investments	69,857,288	–	69,857,288
Debt securities, unquoted	–	9,000,000	9,000,000
Total investments	**69,857,288**	**20,685,937**	**90,543,225**

The following table shows a reconciliation of the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

Unlisted private equity investments	2018 £	2017 £
Balance at 1 February	11,685,937	37,276,754
Additional investments made	2,351,104	330,327
Transfers to Level 1	–	(30,908,209)
Change in fair value through profit or loss	700,359	4,987,065
Balance at 31 January	**14,737,400**	**11,685,937**

11 Financial assets and liabilities continued

Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 31 January 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 31 January 2018 £	Valuation technique
Unquoted private equity investments	12,667,400	Sales/EBITDA multiple
Recent unquoted private equity investments	2,070,000	Cost value

Significant unobservable inputs are developed as follow:

- Sales/EBITDA multiples: Represents amounts that market participants would use when pricing the investments. Sales/EBITDA multiples are selected from comparable public companies based on geographic location, industry, size, target markets and other factors that management considers to be reasonable. The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its Sales or EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.
- Cost value: For recently acquired unquoted private equity investments the fair value of the asset is measured as the acquisition cost (less any attributable fees). This approach to measuring the fair value of unquoted private equity investments is in line with the guidelines published by IPEV.

IFRS 13 requires disclosure, by class of financial instrument, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. On that basis, the Board believe that the impact of changing one or more of the inputs to reasonably possible alternative assumptions would not change the fair value significantly.

Financial instruments not measured at fair value

The carrying value of short-term financial assets and financial liabilities (cash, debtors and creditors) approximate their fair value. The carrying value of the convertible and the new loan note instruments are also considered to approximate fair value. Investments in associates are considered to be stated at fair value, as the underlying investments are at fair value.

12 Cash and cash equivalents

	2018 £	2017 £
Current and call accounts	28,047,141	37,232,756
Total cash and cash equivalents	**28,047,141**	**37,232,756**

The current and call accounts have been classified as cash and cash equivalents in the Consolidated Statement of Cash Flows.

13 Loans to/(from) associates and related companies

	2018 £	2017 £
EPIC Structured Finance Limited	500,000	500,000
ESO 1 LP	512,055	512,055
ESO AI LP	2,045,657	–
David Philips Group Limited	40,000	–
Hamsard 3463 Limited	2,055,027	–
Total loans to associates and related companies	**5,152,739**	**1,012,055**

	2018 £	2017 £
ESO (PC) LLP	–	(276,510)
Total loans from associates and related companies	**–**	**(276,510)**

The loans to associates are unsecured, interest free and not subject to any fixed repayment terms.

The loan to David Philips Group Limited is unsecured, interest free and payable by 31 January 2023.

The loan to Hamsard 3463 Limited is unsecured, interest bearing at 10% per annum and payable by 31 January 2023.

14 Trade and other payables

	2018 £	2017 £
Trade payables	16,391	1,030
Accrued administration fee	9,673	15,000
Accrued audit fee	14,241	12,845
Accrued professional fee	24,250	18,316
Accrued investment advisor fees	386,934	600,000
Accrued Directors' fees	12,833	10,916
Convertible interest	–	26,889
Total	**464,322**	**684,996**

15 Non-current liabilities

On 23 July 2015, the Company raised £4,500,000 via a placing of a Unsecured Loan Note ("ULN") instrument. Following the initial issuance of the ULNs, further notes were issued to investors such that on 31 January 2016 the Company had issued £7,975,459 in principal amount and the notes admitted to trading on the ISDX Growth Market of the NEX Exchange on 29 January 2016. During the years ended 31 January 2017 and 31 January 2018 the Company issued no further notes such that on 31 January 2018 the Company had issued £7,975,459 in principal amount. The notes carry interest at 7.5% per annum. Issue costs totalling £144,236 have been offset against the value of the loan note instrument and are being amortised over the life of the instrument. The total amount expensed in the year ended 31 January 2018 was £20,605 (2017: £20,605). The carrying value of the ULNs in issue at the year-end was £7,882,736 (2017: £7,862,131). The total interest expense on the ULNs for the year is £618,765 (2017: £618,765). This includes the amortisation of the issue costs.

16 Share Capital

At the year end 420,050 treasury shares were held by the EBT (see note 7) (2017: 1,547,065).

	2018 Number	2018 £	2017 Number	2017 £
Authorised share capital				
Ordinary shares of 5p each	45,000,000	2,250,000	45,000,000	2,250,000
Called up, allotted and fully paid				
Ordinary shares of 5p each	30,065,714	1,503,286	31,371,362	1,568,568
Ordinary shares of 5p each held in treasury	(1,765,876)	–	(3,048,879)	–
Total	**28,299,838**	**1,503,286**	**28,322,483**	**1,568,568**

During the year, the Company bought back 612,734 ordinary shares from the market and on 26 May 2017 cancelled all ordinary shares held by Corvina Limited, a wholly owned subsidiary of the Company.

Of the ordinary shares bought back from the market, Giles Brand (Managing Partner of the Investment Advisor) and Hiren Patel (Managing Partner, Finance Director and Head of Compliance of the Investment Advisor) (both also being Person Discharging Managerial Responsibilities ("PDMRs") of the Company) sold 113,310 and 21,750 Ordinary Shares respectively at a price of 295.00 pence to the Company.

During the year ended 31 January 2018, 590,089 ordinary shares of 5 pence each were issued as a result of the conversion of warrants at a price of 170 pence per share. The aggregate gross proceeds of this exercise was £1,003,151. Following the warrant exercise, there are no warrants outstanding.

17 Basic and diluted loss per share (pence)

The Group's basic loss per share is calculated by dividing the loss of the Group for the year attributable to the ordinary shareholders of (£36,206,322) (2017: profit of £60,996,207) divided by the weighted average number of shares outstanding during the year of 28,187,483 after excluding treasury shares (2017: 28,585,144 shares).

The Group's diluted loss per share is calculated by dividing the loss of the Group for the year attributable to ordinary shareholders of (£36,206,322) (2017: profit of £60,996,207) divided by the weighted average number of ordinary shares outstanding during the year, as adjusted for the effects of all dilutive potential ordinary shares, of 28,187,483 after excluding treasury shares (2017: 28,801,620 shares).

18 NAV per share (pence)

The Group's NAV per share of 234.43 pence (2017: 364.13 pence) is based on the net assets of the Group at the year-end of £66,342,854 (2017: £103,130,336) divided by the shares in issue at the end of the year of 28,299,838 after excluding treasury shares (2017: 28,322,483).

The Group's diluted NAV per share of 234.43 pence is based on the net assets of the Group at the year-end of £66,342,854 (2017: £103,130,336) divided by the shares in issue at the end of the year, as adjusted for the effects of dilutive potential ordinary shares of 28,299,838 after excluding treasury shares (2017: 28,538,959).

19 Net cash used in operating activities

Reconciliation of net investment expense to net cash used in operating activities:

	2018 Group £	2017 Group £
Net investment expense	(3,368,783)	(2,214,546)
Adjustments:		
Share based payment expense	210,043	245,750
	(3,158,740)	(1,968,796)
Non-cash items		
Movement in trade and other receivables	516	(740)
Movement in trade and other payables	(220,674)	389,750
Accrued bond interest income	(25,027)	–
Movement in loans from associates and related companies	(2,100)	(5,610)
Net cash used in operating activities	**(3,406,025)**	**(1,585,396)**

20 Financial instruments

The Group's financial instruments comprise:

- Investments in listed and unlisted companies held by associates, comprising equity and loans
- Investments in listed companies comprising equity
- Cash and cash equivalents, bank loan and convertible loan note instruments; and
- Accrued interest and trade and other receivables, accrued expenses and sundry creditors.

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are liquidity risk, credit risk, market price risk and interest rate risk. None of those risks are hedged. These risks arise through directly held financial instruments and through the indirect exposures created by the underlying financial instruments in the associates. These risks are managed by the Directors in conjunction with the Investment Advisor. The Investment Advisor is responsible for day to day management of financial instruments in the associates.

20 Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's liquid assets comprise cash and cash equivalents and trade and other receivables, which are readily realisable.

Residual contractual maturities of financial liabilities

31 January 2018	Less than 1 Month £	1 – 3 Months £	3 months to 1 year £	1 – 5 years £	Over 5 years £	No stated maturity £
Financial liabilities						
Trade and other payables	464,322	–	–	–	–	–
Loan note instruments	–	–	–	7,882,736	–	–
Total	**464,322**	**–**	**–**	**7,882,736**	**–**	**–**

31 January 2017	Less than 1 Month £	1 – 3 Months £	3 months to 1 year £	1 – 5 years £	Over 5 years £	No stated maturity £
Financial liabilities						
Trade and other payables	684,996	–	–	–	–	–
Loan note instruments	–	–	–	7,862,131	–	–
Loans from associates	–	–	276,510	–	–	–
Total	**684,996**	**–**	**276,510**	**7,862,131**	**–**	**–**

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

The Group, through its interests in associates, has advanced loans to a number of private companies which exposes the Group to significant credit risk. The loans are advanced to unquoted private companies, which have no credit risk rating. They are entered into as part of the investment strategy of the Group and its associates, and credit risk is managed by taking security where available (typically a floating charge) and the Investment Advisor taking an active role in the management of the borrowing companies.

Although the Investment Advisor looks to set realistic repayment schedules, it does not necessarily view a portfolio company not repaying on time and in full as 'underperforming' and seeks to monitor each portfolio company on a case-by-case basis. However, in all cases the Investment Advisor reserves the right to exercise step in rights. In addition to the repayment of loans advanced, the Group and associates will often arrange additional preference share structures and take significant equity stakes so as to create shareholder value. It is the performance on the combination of all securities including third party debt that determines the Group's view of each investment.

20 Financial instruments continued

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following (excluding exposure in the underlying associates):

	2018 £	2017 £
Cash and cash equivalents	28,047,141	37,232,756
Trade and other receivables	84,210	84,210
Loans to associates and related companies	5,152,739	1,012,055
Total	**33,284,090**	**38,329,021**

Cash balances are placed with HSBC Bank plc and Barclays Bank plc both of which have the credit rating of A1 Negative (Moody's).

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to a market price risk via its equity investments held through its interests in associates, which are stated at fair value.

Market price risk sensitivity

The Group is exposed to market price risk with regard to its investment in the partnerships, which own equity interests in a number of quoted and unquoted companies which are stated at fair value. Sensitivity analysis cannot be performed with any reliability on the unquoted equity investments. Luceco plc was quoted on the Main Market of the London Stock Exchange at 31 January 2018. If Luceco plc's share price had been 5.0% higher than actual close of market on 31 January 2018, ESO plc's NAV/share would have been 1.74% higher than reported. If Luceco's share price had been 5.0% lower than actual close of market on 31 January 2018, ESO plc's NAV/share would have been 1.74% lower than reported. Such movement would have had a corresponding effect on the profit for the year.

Interest rate risk

The Group is exposed to interest rate risk through its investment in the associates and on its cash balances. The associates provide loans to portfolio companies. Most of the loans are at fixed rates. Cash balances earn interest at variable rates. The convertible loan note instruments carry fixed interest rates.

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

31 January 2018 Assets	**Less than 1 month** £	**1 – 3 months** £	**3 months – 1 year** £	**1 – 5 years** £	**Over 5 years** £	**Non-interest bearing** £	**Total** £
Loans and receivables							
Loans to associates and related companies	–	–	–	2,055,027	–	3,097,712	5,152,739
Trade and other receivables	–	–	–	–	–	84,210	84,210
Cash and cash equivalents	28,047,141	–	–	–	–	–	28,047,141
Total financial assets	**28,047,141**	**–**	**–**	**2,055,027**	**–**	**3,181,922**	**33,284,090**
Liabilities							
Financial liabilities measured at amortised cost							
Trade and other payables	–	–	–	–	–	(464,322)	(464,322)
Convertible loan note instruments	–	–	–	(7,882,736)	–	–	(7,882,736)
Total financial liabilities	**–**	**–**	**–**	**(7,882,736)**	**–**	**(464,322)**	**(8,347,058)**
Total interest rate sensitivity gap	**28,047,141**	**–**	**–**	**(7,882,736)**	**–**	**–**	**–**

20 Financial instruments continued

31 January 2017 Loans and receivables	Less than 1 month £	1 – 3 months £	3 months – 1 year £	1 – 5 years £	Over 5 years £	Non-interest bearing £	Total £
Loans to associates and related companies	–	–	–	–	–	1,012,055	1,012,055
Trade and other receivables	–	–	–	–	–	84,210	84,210
Cash and cash equivalents	37,232,756	–	–	–	–	–	37,232,756
Total financial assets	**37,232,756**	**–**	**–**	**–**	**–**	**1,096,265**	**38,329,021**
Liabilities							
Financial liabilities measured at amortised cost							
Trade and other payables	–	–	–	–	–	(684,996)	(684,996)
Loans from associates and related companies	–	–	–	–	–	(276,510)	(276,510)
Loan note instruments	–	–	–	(7,862,131)	–	–	(7,862,131)
Total financial liabilities	**–**	**–**	**–**	**(7,862,131)**	**–**	**(961,506)**	**(8,823,637)**
Total interest rate sensitivity gap	**37,232,756**	**–**	**–**	**(7,862,131)**	**–**	**–**	**–**

Interest rate sensitivity

The Group is exposed to market interest rate risk only via its cash balances. A sensitivity analysis has not been provided as it is not considered significant to Group performance.

Currency risk

The Group has no direct exposure to currency risk as it has no non-sterling assets or liabilities.

21 Directors' interests

Four of the Directors have interests in the shares of the Company as at 31 January 2018 (2017: four). Geoffrey Vero holds 105,532 ordinary shares (2017: 84,912). Nicholas Wilson holds 105,743 ordinary shares (2017: 67,669). Robert Quayle holds 87,883 ordinary shares (2017: 50,128). Clive Spears holds 105,787 ordinary shares (2017: 68,032).

22 Related parties

Geoffrey Vero is a non-executive Director of Numis Corporation plc and a former non-executive Director of Numis Securities Limited, the Nominated Advisors to the Company. During the year ended 31 January 2018, broker fees of £60,405 (2017: £63,935) were payable to Numis Securities Limited.

Directors' interests in the shares of the Company are included in note 21 to the financial statements.

Certain Directors of the Company and other participants (including employees of the Investment Advisor) are incentivised in the form of equity settled share-based payment transactions, through a Joint Share Ownership Plan (see note 7).

Details of fees payable to key service providers are included in note 5 to the financial statements.

23 Subsidiary companies

On 29 October 2005, the Company incorporated EPIC Reconstruction Property Company (IOM) Limited, in the Isle of Man.

On 16 November 2012, the Company incorporated Corvina Limited, in the Isle of Man, whose principal activity is that of acquiring shares in the Company, which are held as treasury shares (see note 16).

The Company is deemed to have control of its EBT, which is therefore treated as a subsidiary and consolidated for the purpose of the Group accounts (see note 16).

24 Financial commitments and guarantees

Under the terms of the limited partnership agreement the Company is committed to provide a maximum of £2 million additional investment to ESO 1 LP.

25 Subsequent events

On 6 March 2018, Luceco plc issued a trading update which revised down market expectations for the year ended 31 December 2017 but gave the market greater guidance for Luceco plc's future outlook. The trading statement also announced the appointment of Matt Webb as the business's chief financial officer.

On 29 March 2018, the Company announced that Pharmacy2U had completed the raise of £40 million new growth capital from G Square Capital ("G Square"), a European healthcare focussed private equity investor, to support the continuation of this high growth trajectory. The transaction was completed at a premium to Pharmacy2U's holding value and, in conjunction with the new investment, the Company sold down 50% of its existing investment to G Square achieving a 2.0x money multiple realised return.

Schedule of shareholders holding over 3% of issued shares

As at 24 January 2018

	Percentage holding
Giles Brand	22.59%
Corporation of Lloyds	6.20%
Miton Asset Management	5.30%
HSBC Private Bank	5.26%
Hargreave Hale Investment Managers	4.82%
Janus Henderson Investors	4.12%
Hoares Bank	3.33%
Lombard Odier Darier Hentsch	3.25%
Total over 3% holding	**54.87%**

Group Information

Directors	G.O. Vero *(Chairman)* H. Bestwick R.B.M. Quayle C.L. Spears N.V. Wilson
Secretary	P.P. Scales
Investment Advisor	EPIC Private Equity LLP Audrey House 16-20 Ely Place London EC1N 6SN
Auditors and Reporting Accountants	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN
Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP
	HSBC Bank plc 1st Floor 60 Queen Victoria Street London EC4N 4TR
Administrator and Company Address	R&H Fund Services (Jersey) Limited Ordnance House 31 Pier Road, St Helier Jersey JE4 8PW
Nominated Advisor and Broker	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
Registered Agent (Isle of Man)	FIM Capital Limited IOMA House Hope Street Douglas Isle of Man IM1 1AP
Registrar and CREST Providers	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St. Helier Jersey JE1 1ES
Investor Relations	Richard Spiegelberg Cardew Group 5 Chancery Lane London EC4A 1BL

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