Gresham House Strategic plc

Interim results for the six months to 30 September 2015

Strategic Public Equity

Investment returns through bridging the divide between public and private equity markets

Gresham House Strategic plc (GHS), previously Spark Ventures plc, is an AIM quoted investment company originally established in 1999 which today has a portfolio of investments, largely in UK quoted smaller companies.

In August this year, GHS shareholders voted to adopt a new investment strategy and engaged Gresham House Asset Management Ltd (GHAM) as its Investment Manager to pursue its Strategic Public Equity (SPE) investment strategy.

GHS has no full time employees and has a Board of directors, all of whom are independent of the Investment Manager.

The GHAM team has substantial experience in applying this SPE investment strategy.

Gresham House Strategic plc (GHS) invests primarily in UK and European smaller public companies, applying private equity style techniques and due diligence alongside a value investment philosophy to construct a focused portfolio. The Investment Manager aims for a considerably higher level of engagement with investee company stakeholders, in support of a clear equity value creation plan, targeting above-market returns over the longer-term.

www.ghsplc.com/ir2015

HIGHLIGHTS

- Adoption of new SPE investment strategy and appointment of Gresham House Asset Management
- Placing and Open Offer raising £14.3 million, £3.8 million asset swap and share consolidation on a 1 for 200 basis
- Completion of the sale of the majority of the legacy smaller portfolio assets to Hollyport
- Release of the £3.1 million of restricted cash relating to IMI Mobile
- Reduction in discount of share price to NAV versus its long term average, since the appointment of Gresham House

Financial Highlights

- Portfolio valuation (including cash and other net assets) of £36.0 million
- Realised and unrealised gains on investments of £2.9 million (30 September 2014: £1.8 million)
- Loss before tax of £0.5 million (including final incentive scheme payment of £2.3 million to SVML) (30 September 2014: £0.7 million)

Post-Period Highlights

- The Board approved the re-brand and change of name to Gresham House Strategic plc (GHS)
- Two further investments made using the SPE investment strategy
- Remaining cash and other net assets of £15.5 million for further investments as at 4 December 2015

STRATEGY

GHS aims to use the expertise and experience of its Board, the Investment Manager and the Manager's investment committee to invest in accordance with its Strategic Public Equity principles.

GHS has an active investment policy investing in assets that will typically have the following characteristics:

Investments that can generate a 15 per cent IRR over the medium to long term principally through capital appreciation; and

Investments where the Manager believes there are value creation opportunities through strategic, management or operational changes.

GHS intends to invest the majority of its capital in a concentrated portfolio of between 10 to 15 smaller UK/European publicly quoted companies, typically with market capitalisations of less than £250 million, and that are cash generative. We expect a holding period of three to five years. In addition, GHS may invest up to 30% of the portfolio in unquoted securities, including private equity, equity-related instruments, preferred equity, convertible and non-convertible debt instruments. GHS will seek to acquire influential block stakes for cash or share consideration.

CHAIRMAN'S REPORT

Dear Shareholder,
This will be a rather fuller report than the usual interim statement since there have been a number of major developments within your company during (and after) the period under review.

Shareholders will be aware that in August we raised new capital through a combination of cash and assets, by way of placing and Open Offer and asset swaps with three of our institutional shareholders to raise £14.3 million, which combined with our cash and the IMI investment represented net assets with a total value of £36.0m as at 30 September 2015. We organised a small dealing facility which investors could use if they did not wish to remain members of the company. The take up of this was small, with approximately 500 shareholders selling (or donating to charity) c.£52,000 of shares at the market price at the time. We also consolidated the shares on a 1 for a 200 basis.

Subsequently, at the company's 2015 Annual General Meeting, shareholders approved the change of the company name, which was effected on 28 October by a change to Gresham House Strategic plc. We appointed Gresham House Asset Management Ltd (the FCA regulated subsidiary of separately quoted company, Gresham House plc) as Investment Manager and embarked on a new Strategic Public Equity investment strategy.

Prior to that, the company, as Spark Ventures plc, had completed the sale of all its investments with the exception of IMI Mobile. These disposals included a portfolio sale to Hollyport and realised £3.8m. In addition, £3.1m held from an earlier part disposal of IMI which was held in escrow pending certain tax clearances, was released.

We are encouraged that our new Investment Managers subscribed for £5 million by way of a placing and contributed an asset by way of a share swap, which resulted in them becoming our largest shareholder with 19.2%.

This exercise has also revealed a number of lost shareholders who have failed to cash dividend cheques. Some £0.5m is outstanding and the Board has embarked on an effort to trace these shareholders. If cheques are not presented within ten years of their issuance the company may apply to the court for the outstanding funds to be credited to the company for the benefit of the remaining shareholders. We would urge shareholders to check whether they may have failed to cash any previous dividend cheques.

The result of the asset disposal and distribution programme over the last six years has seen total value of shareholders' investment in Spark Ventures plc in 2009 rise by 122% (from £33.8m at 30 Sep 2009 to £75m by 7 August 2015) of which 13 pence per share (pre consolidation) was returned in cash. This excellent result coupled with the existence of substantial legacy tax losses encouraged the Board to seek a new incarnation for the company and after a thorough search for possible partners we formed an alliance with Gresham House. The change of Manager also triggered the final payments under the old Spark Ventures incentive scheme amounting to £2.3 million and the management contract with SVML was terminated.

Following all these events Tom Teichman and Andrew Betton retired from the Board. Tom was a founder of the company and has been a major contributor to its successful investments over the years. Andy has been the finance director and company secretary for over a decade and we owe a great debt of gratitude to both of them.

Turning to the future, we believe the Gresham House team, which includes Tony Dalwood and Graham Bird, have a strong track record in applying a private equity philosophy and approach to investing in public companies that might benefit from strategic, operational or management initiatives. Their focus is on inefficient areas of public markets where valuation anomalies can occur, companies may need access to capital to grow, or may lack other resources or advice, and where the manager can proactively help these companies to improve performance and enhance value.

As more fully described later in this report, the new Investment Managers have already made investments under this new strategy.

We have also strengthened our advisory team with the appointment of Liberum as a corporate advisor and joint broker. FinnCap continue as our Nomad and joint broker.

There is considerable uncertainty in the current investment climate. We have the conflicting forces of where governments are flooding markets with cash through quantitative easing, the political uncertainty in the Middle East (and its contagion to Europe) and our belief that there are many undervalued and under-appreciated companies at the smaller end of the quoted markets. Our Investment Manager's reputation as a positive and helpful investor is already producing a steady stream of ideas and approaches from third parties as well as from companies themselves.

The Board looks to the future with cautious optimism and shareholders will be pleased to note that our longer term intention is to pay dividends from realised profits. Additionally, the Investment Manager has indicated an intention to re-invest 50 per cent of any future performance fees into shares of GHS. We believe that this overall alignment of interests, coupled with a lower management and performance fee than before will be to the long term benefit of shareholders.

"Turning to the future, we believe the Gresham House team have a strong track record in applying a private equity philosophy and approach to investing in public companies that might benefit from strategic, operational or management initiatives."

This has been a period of great activity for the company, its Board, Managers and advisers and I would like to thank everyone involved for the very heavy workloads that this has entailed.

Finally, it is the Board's intention to appoint Ken Lever as a non-executive director. Ken has considerable corporate experience in value creation strategies across a wide range of industries, most recently as CEO of Xchanging. A further announcement will be made in due course and we look forward to his contribution in the future.

I would like to thank shareholders for their continued support.

David Potter
Chairman
11 December 2015

OUTGOING INVESTMENT MANAGER'S REPORT

Until 10 August 2015, Spark Venture Management Limited (SVML) acted as the company's Investment Manager and had responsibility for the investment activities of the company until that date.

In the period from 1 April 2015 to 7 August 2015 we substantially completed the realisation of the remaining venture capital portfolio leaving the Company with one large investment in IMI Mobile plc (IMI), which is quoted on AIM, and cash balances.

The nine assets that were subject to the Hollyport sale agreement were all sold – seven of them to Hollyport and two to other existing shareholders where these shareholders chose to exercise their pre-emption rights. The total proceeds received amounted to £3.825m, being £166k more than we had assumed at 31 March 2015.

We recovered the restricted cash relating to the IPO of IMI of £3.1m and did not choose to sell any shares in the period, continuing our belief in IMI's long term potential. The considerable (>20%) recovery in IMI's share price in the period from 121.5p to 157p on 7 August has justified this decision.

In the period between the management buy-out in October 2009 and 7 August 2015, the portfolio of investments which was then valued at £33.8m has been turned into cash of £57.5m and a quoted investment worth £16.5m, representing a money multiple of 2.2x and a gross IRR of approximately 21%. We believe this constitutes a very satisfactory outcome for shareholders. We therefore leave our former role in the belief that we have fulfilled our mandate and we look forward to following the Company's continuing success with its new Investment Manager.

Spark Venture Management Limited
11 December 2015

"In the period from 1 April 2015 to 7 August 2015 we substantially completed the realisation of the remaining venture capital portfolio."

INCOMING INVESTMENT MANAGER'S REPORT

On 10 August 2015, Gresham House Asset Management Limited ('GHAM') became investment adviser to the company and Sapia Partners LLP (Sapia) became the Investment Manager with GHAM operating as Sapia's Authorised Representative. This arrangement was temporary, pending the anticipated receipt by GHAM of its necessary FCA authorisations.

Subsequent to the period end, on 7 November 2015, GHAM received its requisite FCA authorisations and the arrangement with Sapia was consequently terminated. GHAM now acts as the Investment Manager, following its SPE strategy as outlined in the Share Placing and Open Offer Document, dated 21 July 2015.

STRATEGIC PUBLIC EQUITY STRATEGY

Using the SPE strategy, we aim to utilise the philosophy and approach of private equity to identify value opportunities and to execute and manage investments. The approach is differentiated from many other public equity investment strategies in a number of ways including: the approach to and depth of due diligence undertaken; the level of interaction and constructive engagement with management teams; and the investment horizon in which we typically seek to support a three to five year value creation plan with identified catalysts. We also make use of a panel of seasoned executives from a range of professional and commercial backgrounds with whom we consult, including those who form part of the Gresham House Advisory Group.

GHAM believes this approach can lead to superior investment returns as it targets inefficiencies in certain segments of the public markets. There are over 1,200 companies in the FTSE Small Cap index and on AIM: these companies typically have limited research coverage and may often have limited access to growth capital often leading to value opportunities being overlooked by the wider market.

The investment strategy focuses mainly on cash generative companies where there is scope for management engagement to identify opportunities to implement strategic, management or operational changes to create shareholder value in the business and to generate improved equity returns.

In addition to publicly quoted companies, we also have the flexibility to invest up to 30% of the portfolio in selected unquoted securities including preference shares, convertible instruments, limited partnership interests and other forms of investments.

MARKET BACKGROUND

2015 has witnessed significant volatility for the financial markets with reasons including geo-political risk, macroeconomic concerns around global growth, and the perceived imminent US and UK rate rises. This cocktail of concerns has generated short periods of stock market weakness, most notably in August and September.

By the end of Q3, 2015 the FTSE small cap (excluding Investment Trusts) (SMXX) had delivered a total return, from 1 January 2015 to 30 September 2015 of 10.2%[1] whereas the FTSE All share had delivered a total return loss of 2.6%[1]. Market valuations reflect the continuation of a benign environment with standard metrics such as price to earnings ratios (UK at 14x) and dividend yields (3.5%) towards the higher/ lower ends of most long term ranges. More importantly when looking at the return on equity cycle, it is the Investment Manager's belief that corporates appear to be nearing the top of their long term profitability range. Valuations have run in tandem with this trend as illustrated most starkly in the US where the market's cyclically adjusted P/E ratio stands above 20x[2], the top end of historic trading ranges. This could be a concern, as downward earnings revisions will highlight that valuation multiples offer little protection – hence, it is no surprise that when economic growth issues become apparent, volatility results.

Further qualitative sources of concern could also include the fact that corporate high yield credit issuance and M&A activity are reaching similar levels to 2007 which itself was a time of excess.

The private equity markets, not surprisingly, are following some of these trends with substantial exit activity mirrored by average deal valuations now at 10.5x EBITDA multiples and debt levels of 5.4x EBITDA. There has also been an increase in public to private activity, such as Providence Equity's agreed takeover of Chime Communications.

1 Source: Bloomberg, total return on FTSE Small Cap excluding investment trusts index and the FTSE All share index between 31 December 2014 and 30 September 2015 respectively.

2 S&P 'Shiller PE ratio' at 26.4 on 25 November 2015; source multpl.com.

PERFORMANCE REVIEW

Investment activity

The reporting period includes the short period since 10 August 2015 during which the new investment policy was in effect. Activity under the new investment policy was dominated by the new share issue and asset swaps as described in the Circular to shareholders dated 21 July 2015. We made the following initial investments through the asset swap arrangements:

- 2,062,500 ordinary shares in SpaceandPeople plc representing 10.7% of SpaceandPeople's issued share capital;
- 5,000,000 ordinary shares in Miton Group plc, representing 2.9% of Miton Group's issued share capital; and
- 3,492,065 ordinary shares in Castle Street Investments plc, representing 4.9% of Castle Street's issued share capital.

Since the period end, the company has made further investments as described more fully below.

NAV and share price performance

In the period between 10 August and 30 September, the net asset value per share has remained relatively flat. The IMI Mobile share price rose to 155p on the 10 August and fell back to 145p per share on low trade volumes at 30 September. This was partially compensated for by an increase in the price of SpaceandPeople shares, whilst the share prices of Miton and Castle Street remained broadly the same. Given the weighting of IMI in the portfolio, this drop led to a fall in NAV from 1,009p on 10 August to 989.3p at the period end.

Since Gresham House appointment in August 2015, the discount to NAV has significantly narrowed versus its long term average and been in the range 17% to 21%. Since the period end, as market awareness of the new investment strategy increased and as the team made new investments, the discount has narrowed marginally and as at 4 December 2015 the shares were at a 16% discount to NAV.

IMI Mobile (AIM: IMO)

IMI Mobile is a software and services business, providing their clients with solutions enabling efficient customer communications and transactions through smarter mobile engagement. The core products include mobile communications capability, content management and delivery, mobile marketing campaign management, personal profile management and analysis, and social media integration.

"Using the SPE strategy, we aim to utilise the philosophy and approach of private equity to identify value opportunities and to execute and manage investments. The approach is differentiated from many other public equity investment strategies."

The business has historically offered its clients one of three business models: managed service; software as a service (SaaS); or licence fee. The model is increasingly migrating to SaaS.

Operations cover UK and western Europe, MEA and SEA. The company has recently launched in the US.

The company is on a low rating relative to peers in the software and services sector. Improved understanding of the business together with increased scale and growing revenues should, in our view, all facilitate an improved rating over time. Consensus analyst forecasts indicate an expectation of strong growth in years to come.

Miton (AIM: MGR)
Miton is an active investment management company with c.£2.5billion[3] of assets under management ('AUM') operating a number of open ended funds, unit trusts and investment trusts. Funds are managed through three regulated entities: Miton Asset Management Limited, Miton Trust Managers Limited, and Darwin Investment Managers Limited.

The company's strategy is to focus on fund management and to grow AUM whilst improving stickiness of these assets through building the Investment Trust business. However, the company also aims to leverage its cost base better which requires greater scale, achieved through organic growth and potentially enhanced by acquisitions, and to prove the benefits of operating leverage by exercising cost discipline as it grows. The 2013 acquisition of pSigma was followed by a difficult period, notably because of the departure of a key member of its team, Bill Mott, exacerbated by asset outflows. Since then, asset flows have improved and funds under management have shown growth for the last two quarters.

Operating margins are below industry averages (Miton operating margin 2015F is c.9%; peer group average is c.35%) showing potential for substantial improvement as the business scales. Taking into account capital deployed on acquisitions, ROCE of c.8% historic and 3.6% forecast 2015, has been low compared to the peer group average of c.21% (historic). However, we believe that management is taking action to address these issues and success in these initiatives, coupled with asset growth could lead to substantial upside.

Our investment in Miton was made at the time of the Fund raising in August 2015.

Spaceandpeople (AIM: SAL)
As with Miton, our investment in Spaceandpeople was made at the time of the fund raising in August. The company facilitates and manages space for marketing campaigns or retailing in high footfall destinations such as shopping centres.

2014 was a challenging year with profits downgrades due to UK promotion contracts not being renewed, delays in Germany and reduced space. Operating margins have fallen to around 3%.

Signs of recovery are now evident which, in our view, will both grow top line and help restore margins. This has been evident in the recovery of the share price from its low point in the latter part of 2014. We believe normalised operating margins of c.10% can be achieved and note that peak margins have been as high as 20%. Success would lead to both an improved rating, significant profits growth and cash generation.

The announcement of a significant contract win in September led to a further rise in the share price before the period end.

Castle Street Investments (AIM: CSI)
Castle Street Investments is a cash shell with £21.9m of net assets comprised of £17.9m cash and £4.8m deferred consideration receivable, offset by provisions and payables relating to the wind down of the business. The company was originally an online dating business known as Cupid, which was sold.

The main shareholders are well known deal-doers with a successful track record and are well known to GHAM. We took on the shareholding as an asset swap in the fund raising and are looking to support the management in their next acquisition.

ACTIVITY SINCE THE PERIOD END

Since the period end, we have continued to engage with our existing investments and to evaluate a number of new investment opportunities. We have made two additional investments since the period end; acquiring an initial 1.8% stake in The Quarto Group Inc (LSE: QRT) and a 6.1% stake in Be Heard plc (AIM: BHRD).

Quarto is the world's leading global illustrated book publisher and distribution group and has been listed on the London Stock Exchange since 1986. Quarto creates more than 1,500 adult and childrens books a year. These books are sold into 35 countries and in 25 languages. Subjects range from art 'How-To', graphic design, and home improvement, to cooking, gardening, motoring, and crafts. Quarto specialises in producing books that can be better explained with photographs or illustrations, covering many different subject matters.

The CEO, Marcus Leaver joined the company as COO in May 2012 and became CEO in December that year. He has restructured the business and has a strategy to build the business through consolidating a fragmented industry. The strategic review has created a solid platform to implement this buy and build growth strategy and creates the opportunity to become a leader in various areas of niche publication. We believe shareholder value will be created through a combination of organic growth, cash generation (de-leveraging) and value created through the buy-and-build strategy. We have a strong relationship with Leaver and our intention is to support the strategy both financially and directly through expertise and advice.

3 October 2015.

In the case of Be Heard, Peter Scott, founder of WCRS and former CEO of Aegis and subsequently Engine Group, plans to build a network of digital companies spanning marketing services, technology and e-commerce sectors in the UK, US and Europe. It aims to consolidate specialists in digital marketing, and create a group with critical mass.

Be Heard was a cash shell (formerly Mithril plc) which was listed on the main market in December 2014, raising £3.4m. The shell has been used to acquire agenda21, an existing profitable media buying and digital marketing company, alongside raising £5.5m of new money and moving to AIM. agenda21's core business is planning, buying and managing multi-channel marketing campaigns across the digital media spectrum on behalf of its clients. This includes search engine marketing/pay per click, search engine optimisation, display advertising, including social, mobile and programmatic opportunities and other paid media, underpinned by agenda21's own proprietary analytics.

There is a significant market opportunity for digital marketing where growth is outpacing traditional media channels. We aim to support the management team in effecting its buy and build strategy through both financial and other support.

PORTFOLIO AS AT 30 SEPTEMBER 2015

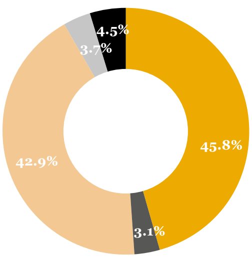
Portfolio holdings

	Cost £'000	Valuation £'000	% of net assets	% of company held
IMI Mobile plc	1,960[4]	15,281	42.0	18.8
Miton Group plc	1,312	1,306	3.6	2.9
Spaceandpeople plc	1,361	1,609	4.4	10.6
Castlestreet Investments plc	1,109	1,117	3.1	4.9
Cash and other net assets	Not applicable	17,087	46.9	Not applicable
Net assets		36,400	100	

4 The investment in IMI was made in 2002; the valuation on the 10 August 2015, which serves as 'cost for the purposes of the new management agreement was £16.3m.

Breakdown by sector

- Cash and other net assets
- Investment companies
- Software and Computer Services
- Financial Services
- Media



OUTLOOK

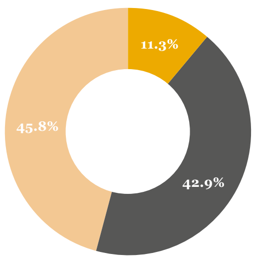
The last three years has seen momentum and growth strategies outperform, however recent evidence suggests this is changing. With various factors contributing to an uncertain outlook, including macro economic growth, geo-political risk and the global interest rate environment, it is not surprising that the UK and US stock markets have made little headway in 2015. However, with corporate profitability (ex-mining, oil & gas, and banks) close to peak levels, valuations are unsurprisingly a key focus. Cyclically adjusted price-earnings ratios are relatively high and history suggests that longer term returns are likely to be below long run historic averages of 3-4% real.

The headline valuation levels of indices provide an average across the market, this hides the wide spread of valuations that exist across sectors, geographies and size. As a result, focusing on areas where low valuations exist, or "value" style companies, should generate long term superior returns. This is where GHS is focused, alongside active, constructive corporate engagement to support equity value creation.

Investment Manager
Gresham House Asset Management Limited
11 December 2015

Breakdown by market capitalisation

- £0-£50m
- £50-£100m
- Cash and other net assets



INDEPENDENT REVIEW REPORT
TO GRESHAM HOUSE STRATEGIC PLC

INTRODUCTION
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 which comprises the Group Statement of Comprehensive Income, Group Statement of Financial Position, Group Statement of Changes in Equity, Group Statement of Cash Flows and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

DIRECTORS' RESPONSIBILITIES
The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

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

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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

CONCLUSION
Based on our review, nothing has come to our attention that causes us to consider that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2015 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

BDO LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
11 December 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROUP STATEMENT OF COMPREHENSIVE INCOME (CONDENSED)
SIX MONTHS TO 30 SEPTEMBER 2015

	Six months to 30-Sep 2015 £'000 Unaudited	Six months to 30-Sep 2014 £'000 Unaudited	Year to 31-Mar 2015 £'000 Audited
Continuing operations			
Gains and losses on investments at fair value through profit or loss			
Realised gains/(losses)	**166**	(386)	(407)
Unrealised gains/(losses)	**2,716**	2,154	(452)
	2,882	1,768	(859)
Revenue			
Bank interest receivable	**9**	9	11
Fund management revenue	–	75	75
	9	84	86
Administrative expenses			
Salaries and other staff costs	**(65)**	(65)	(216)
Investment management fees (Note 4)	**(2,594)**	(125)	(313)
Fund management costs	–	(75)	(75)
Other costs (including fundraising/reorganisation)	**(781)**	(857)	(980)
Total Administrative expenses	**(3,440)**	(1,122)	(1,584)
(Loss)/profit before taxation	**(549)**	730	(2,357)
Taxation	–	–	–
(Loss)/profit and total comprehensive income for the financial period	**(549)**	**730**	**(2,357)**
Attributable to:			
– Equity shareholders' funds of the parent	**(549)**	730	(2,357)

GROUP STATEMENT OF FINANCIAL POSITION (CONDENSED)
AT 30 SEPTEMBER 2015

	30-Sep 2015 £'000 Unaudited	30-Sep 2014 £'000 Unaudited	31-Mar 2015 £'000 Audited
Non-current assets			
Investments at fair value through profit and loss	**19,348**	19,486	16,503
	19,348	19,486	16,503
Current assets			
Trade and other receivables	**515**	46	32
Other debtors	–	3,123	3,123
Cash and cash equivalents	**16,693**	4,654	3,036
	17,208	7,823	6,191
Current liabilities			
Trade and other payables	**(156)**	(1,623)	(95)
	(156)	(1,623)	(95)
Net current assets	**17,052**	6,200	6,096
Net assets	**36,400**	25,686	22,599
Equity attributable to the shareholders of the parent			
Issued capital – ordinary shares	**1,922**	1,125	1,125
Issued capital – D shares	**10**	10	10
Share premium	**13,562**	9	9
Revenue reserve	**10,213**	13,849	10,762
Capital redemption reserve	**10,693**	10,693	10,693
Total Equity	**36,400**	25,686	22,599

Net assets per share

	Number '000 Unaudited	Number '000 Unaudited	Number '000 Audited
Ordinary shares in issue	**3,843**	450,000	450,000
Shares held in Treasury	**(156)**	(31,154)	(31,154)
Shares in issue for net asset per share calculation	**3,687**	418,846	418,846
NAV per ordinary share (pence) **(30 Sep 2014 and 31 March 2015 re-stated for comparison on a 200:1 basis)**	**987.25**	1,226	1,080

GROUP STATEMENT OF CHANGES IN EQUITY (CONDENSED)
FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2015

	D shares £'000	Ordinary share capital £'000	Share premium £'000	Revenue reserve £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1 April 2014	10	1,350	9	31,904	10,468	43,741
New 2014 B & C shares issued	–	(225)	–	–	225	–
Profit and total comprehensive income for the financial period	–	–	–	730	–	730
Share buy-backs of 2014 B shares	–	–	–	(14,000)	–	(14,000)
Dividend on 2014 C shares	–	–	–	(4,987)	–	(4,987)
Share options exercised	–	–	–	202	–	202
Balance at 30 September 2014 (unaudited)	10	1,125	9	13,849	10,693	25,686
Balance at 1 April 2014	10	1,350	9	31,904	10,468	43,741
Loss and total comprehensive income for the year	–	–	–	(2,357)	–	(2,357)
New 2014 B & C shares issued	–	(225)	–	–	225	–
Share buy-backs of 2014 B shares	–	–	–	(14,000)	–	(14,000)
Dividend on 2014 C shares	–	–	–	(4,987)	–	(4,987)
Share options exercised	–	–	–	202	–	202
Balance at 31 March 2015 (audited)	10	1,125	9	10,762	10,693	22,599
Loss and total comprehensive income for the financial period	–	–	–	(549)	–	(549)
Shares issued	–	797	13,544	–	–	14,341
Share consolidation adjustment	–	–	9	–	–	9
Balance at 30 September 2015 (unaudited)	10	1,922	13,562	10,213	10,693	36,400

During the year to 31 March 2015 the ordinary shares of 0.30p per share were re-classified as ordinary shares of 0.25p per share. At the same time the shareholders were issued with either 1 B share or 1 C share depending on the shareholder preference in an election. If a shareholder did not make an election, they received C shares by default. Each B share was re-purchased by the Company at 4.5p per share on 25 April 2014 and then cancelled. Each C share received a dividend of 4.5p per share on 25 April 2014, after which the shares were deferred and subsequently bought back for 1.0p for the whole class and cancelled in May 2014. The total amount returned to shareholders holding B or C shares amounted to £19.0m.

At a general meeting of the Company held on 6 August 2015, the shareholders approved a 200 for 1 share consolidation thereby resulting in new ordinary shares of 50p nominal value. On 7 August 2015, the company issued 1,593,275 new ordinary shares at a price of £9.00 per share.

The total number of shares in issue is now 3,843,275 with 155,771 of these held in Treasury.

GROUP STATEMENT OF CASH FLOWS (CONDENSED)
SIX MONTHS TO 30 SEPTEMBER 2015

	Six months to 30-Sep 2015 £'000 Unaudited	Six months to 30-Sep 2014 £'000 Unaudited	Year to 31-Mar 2015 £'000 Audited
Cash flows from operating activities			
Cash flow from operations	**(730)**	(3,182)	(5,157)
Net cash outflow from operating activities	**(730)**	(3,182)	(5,157)
Cash flows from investing activities			
Purchase of financial investments	**(6)**	–	–
Sale of financial investments	**3,825**	3,158	3,515
Net cash inflow from investing activities	**3,819**	3,158	3,515
Cash flows from financing activities			
Dividends paid (C shares)	–	(4,987)	(4,987)
Share buy backs (B shares)	–	(14,000)	(14,000)
Dividends paid (D shares)	–	(2,200)	(2,200)
Share option exercise proceeds	–	202	202
Proceeds from share issue	**10,568**	–	–
Net cash inflow/(outflow) from financing activities	**10,568**	(20,985)	(20,985)
Change in cash and cash equivalents	**13,657**	(21,009)	(22,627)
Opening cash and cash equivalents	**3,036**	25,663	25,663
Closing cash and cash equivalents	**16,693**	4,654	3,036

Reconciliation of operating income to net cash outflow from operating activities

Revenue	**9**	84	86
Administrative expenses	**(3,440)**	(1,122)	(1,584)
Operating loss	**(3,431)**	(1,038)	(1,498)
(Increase)/decrease in trade and other receivables	**(483)**	509	522
Decrease/(increase) in other debtor	**3,123**	(3,123)	(3,122)
Increase/(decrease) in trade and other payables	**61**	470	(559)
Decrease in provisions	–	–	(500)
Net cash flow from operations	**(730)**	(3,182)	(5,157)

NOTES TO THE HALF YEAR REPORT

NOTE 1 – GENERAL INFORMATION

Gresham House Strategic plc is a company incorporated in the UK. The company was formerly named SPARK Ventures plc but took the opportunity to change the articles of association at the Annual General Meeting held on 22 September 2015 to permit the Directors to change the company's name by a resolution of the Board. Accordingly the name was changed to Gresham House Strategic plc on 28 October 2015. The information set out in this unaudited Half Year Report for the periods ended 30 September 2015 and 30 September 2014 does not constitute statutory accounts as defined in section 435 of Companies Act 2006. Comparative figures for 31 March 2015 are derived from the financial statements for that year. The financial statements for the year ended 31 March 2015 have been delivered to the Registrar of Companies and contain an unqualified audit report, did not contain a statement under matter of emphasis and no statements under section 498(2) or (3) of the Companies Act 2006. This Half Year Report has been prepared in accordance with the AIM rules.

NOTE 2 – BASIS OF ACCOUNTING

The Annual Group financial statements are prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial information set out in this Half Year Report has been prepared using accounting policies, methods of computation and presentation consistent with those applied in the preparation of the accounts for the Group for the year ended 31 March 2015. This report does not itself contain sufficient information to comply with IFRS. These condensed consolidated interim financial statements have been prepared on the basis of IFRSs in issue that are effective at the Group's annual reporting date as at 31 March 2016.

The principal subsidiaries that have been included in these results are SPARK India Ltd, SPARK Services Ltd and Quester Venture GP Ltd. These results have not been audited.

NOTE 3 – INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

Portfolio Company Name	Value at 31/03/2015 £'000	Additions £'000	Disposals £'000	Revaluations £'000	Value at 30/09/2015 £'000	Value at 30/09/2014 £'000
IMI Mobile	12,808	–	–	2,472	15,280	14,803
Assets sold to Hollyport	3,659	–	(3,659)	–	–	4,583
Spacesandpeople		1,361		248	1,609	
Miton Group		1,318		(12)	1,306	
Castle Street Investments		1,109		8	1,117	
	16,467	3,788	(3,659)	2,716	19,312	19,386
Other investments [1]	36	–	–	–	36	100
TOTAL portfolio	**16,503**	**3,788**	**(3,659)**	**2,716**	**19,348**	**19,486**

(1) Other investments represent a stake in Quester Venture Partnership which will be realised within the next few months.

The assets sold to Hollyport above generated cash proceeds of £3.825m, resulting in a profit of £0.166m compared with the March 2015 book value.

NOTE 4 – INVESTMENT MANAGEMENT AND INCENTIVE FEES

Includes an incentive fee of £2.265m in respect of the investment in IMI Mobile plc which became payable to the outgoing Investment Managers upon termination of the previous investment management contract.

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