FOR RELEASE ON **18 July 2017**

("IP Group" or "the Group" or "the Company")

Half-yearly results

IP Group plc (LSE: IPO), the developer of intellectual property-based businesses, today announces its half-yearly results for the six months ended 30 June 2017.

HALF YEAR HIGHLIGHTS

Corporate update

- £207m (gross) capital raise announced, including significant new shareholders from Australia, China, Singapore and the UK
- Launch of IP Group Australasia; nine new university partnership agreements signed with leading universities in Australia and New Zealand
- Completion of the acquisition of Parkwalk Advisors
- Firm intention to make an all-share offer for Touchstone Innovations plc announced, with formal offer-related documents expected to be published today

Portfolio update

- Fair value of portfolio: £663.0m (HY16: £525.7m; FY16: £614.0m)
- Net change in fair value of portfolio: £28.5m increase (HY16: £24.5m decrease; FY16: £7.0m increase)
- Capital provided to portfolio companies and projects: £20.1m (HY16: £12.8m; FY16: £69.7m)
- Significant funding rounds completed by Ultrahaptics Holdings Ltd (£17.9m), Actual Experience plc (£17.5m) and Creavo Medical Technologies Limited (£13.4m)

Financial and operational update

- Net assets of £968.1m (HY16: £748.5m; FY16: £768.7m)
- Hard NAV of £890.5m (HY16: £683.5m; FY16: £706.5m)
- Return on Hard NAV of £21.3m (HY16: loss of £30.6m; FY16: loss of £7.6m)
- Gross cash and deposits at 30 June 2017: £263.1m (HY16: £174.7m; FY16: £112.3m) including net proceeds from capital raise of £180.3m settled during period

Commenting on the Group's half-yearly results, Alan Aubrey, Chief Executive Officer of IP Group, said:

"*The underlying performance of the Group and its portfolio companies in the first half of 2017 has been strong with a net portfolio fair value increase of £28.5m. It has been particularly encouraging that a number of our private companies including Ultrahaptics and, more recently, Creavo, have successfully completed large fundraisings following significant commercial progress, attracting new investors to their registers.*

In the first half, we were also delighted to announce a £207m capital raising, the expansion of our business into Australasia, a firm intention to make an all-share offer for a combination with Touchstone Innovations plc and the completion of our acquisition of Parkwalk Advisors Ltd. The formal documents in connection with our offer for Touchstone Innovations plc are expected to be posted today.

IP Group has a strong balance sheet, with net assets now approaching £1bn, a diverse portfolio comprising a broad range of early to mature businesses across four sectors and we believe the fundamentals of the business are strong. I would like to take this opportunity to thank all of our shareholders for their support as we continue to grow the business and expand internationally."

For more information, please contact:

IP Group plc	www.ipgroupplc.com
Alan Aubrey, Chief Executive Officer	+44 (0) 20 7444 0050
Greg Smith, Chief Financial Officer	
Liz Vaughan-Adams, Communications	
Charlotte Street Partners	
Andrew Wilson	+44 (0) 7810 636995
Martha Walsh	+44 (0) 7876 245962

Further information on IP Group is available on our website: www.ipgroupplc.com

This half-yearly results release may contain forward-looking statements. These statements reflect the Board's current view, are subject to a number of material risks and uncertainties and could change in the future. Factors that could cause or contribute to such changes include, but are not limited to, the general economic climate and market conditions, as well as specific factors relating to the financial or commercial prospects or performance of individual portfolio companies within the Group's portfolio of investments. Throughout this half-yearly results release the Group's holdings in portfolio companies reflect the undiluted beneficial equity interest excluding debt, unless otherwise explicitly stated.

Interim management report

Summary

The first half of 2017 has seen a number of significant corporate developments coupled with a strong underlying performance in the portfolio. On the corporate front, we announced a £207m (gross) capital raising, expansion into Australasia, a firm intention to make an all-share offer for Touchstone Innovations plc and the completion of our acquisition of Parkwalk Advisors Ltd.

Portfolio performance

At 30 June 2017, the fair value of the Group's portfolio was £663.0m (HY16: £525.7m; FY16: £614.0m). This reflects a net fair value increase of £28.5m during the period with significant net fair value increases in three sectors: Technology (£12.7m increase), Cleantech (£19.1m increase) and Biotech (£8.2m increase), more than compensating for a net fair value reduction in the Healthcare sector (£10.9m decrease). This fair value excludes consolidated portfolio companies, including Modern Biosciences Limited, whose lead programme for the treatment of rheumatoid arthritis is partnered with Janssen Biotech Inc.

The single largest portfolio company fair value increase during the period was Ultrahaptics Holdings Ltd in the Technology sector. Ultrahaptics, whose products allow users to touch virtual objects in mid-air, completed a £17.9m fundraising, resulting in a gross fair value increase for the Group of £12.0m. Other key positive contributions to the increase in fair value were largely due to rising share prices in many of our AIM-quoted assets including Ceres Power Holdings plc (£9.7m), Xeros Technology Group plc (£8.9m), Diurnal Group plc (£5.9m) and Avacta Group plc (£2.4m).

The largest unrealised fair value decreases were primarily as a result of reductions in the share prices of AIM-quoted hVIVO plc (£10.7m) and Tissue Regenix Group plc (£8.3m). Further information on the performance of the Group's portfolio businesses, including hVIVO and Tissue Regenix, is provided in the portfolio review below.

In the first six months of the year, the Group provided incubation, seed and further capital totalling £20.1m to its portfolio companies (HY16: £12.8m; FY16: £69.7m). The Group's portfolio now comprises holdings in 96 companies in addition to strategic stakes in three multi-sector platform businesses and 18 *de minimis* holdings (HY16: 83, 3, 16; FY16: 90, 3, 20).

Capital raising

The £207m (gross) capital raise announced during the period saw the Group welcome new shareholders from Australia, China, Singapore and the UK. The funding will enable the Group to accelerate growth by investing in new and existing portfolio companies, build on its pool of valued scientific and commercial talent, and attract further investors and co-investment partners. It also furthers the transformation underway by expanding the Group's share register and by further extending its model into Australasia alongside our nine new university partners there. The subscription for shares by one participant, Beijing Galaxy World Group, is subject to certain Chinese foreign exchange and regulatory approvals, which it currently anticipates being received by mid-August. Therefore, net capital raising proceeds during the period were £180.3m and the Group held gross cash and deposits of £263.1m at 30 June 2017 (HY16: £174.7m; FY16: £112.3m).

New Australasian operations

Turning to Australasia, the Group was excited to launch a landmark agreement with Australasia's leading universities, under which it anticipates seeing at least A$200 million invested in finding and developing companies involved in disruptive innovation. The commercialisation agreements – the first of their type in Australasia – have been signed between IP Group and nine universities which comprise the University of Adelaide, Australian National University, the University of Melbourne, Monash University, UNSW Sydney, the University of Queensland, the University of Sydney and the University of Western Australia in Australia, and the University of Auckland in New Zealand. IP Group has committed to invest at least A$200m over a 10-year period to fund investments in spin-out companies based on the intellectual property developed by academics at the nine universities, generated from research in areas such as digital medicine, new medical therapies and quantum computing.

Mergers and acquisitions

It has also been a busy period in terms of M&A, with the Group announcing of its firm intention to make an all-share offer for Touchstone Innovations plc in June and the completion of its acquisition of Parkwalk Advisors Ltd in January. Founded in 2009, Parkwalk is the UK's leading university spin-out focused EIS fund manager and we are delighted to welcome the team to the Group. Parkwalk recorded a net profit of £0.8m for the five-month period since acquisition.

The Group's announcement earlier today set out the revised terms of its intended offer for Touchstone Innovations plc. Assuming acceptance of the Group's offer in full, IP Group shareholders would own approximately 66% of the combined group and Touchstone's shareholders would own approximately 34%. Full documentation in connection with the offer is expected to be issued today.

Touchstone, founded in 1986 and listed on AIM since 2006, creates, builds and invests in technology companies and licensing opportunities developed from scientific research from the 'Golden Triangle', the geographical region broadly bounded by London, Cambridge and Oxford.

The Group believes that the combination with Touchstone will create an international leader in IP commercialisation and a business that is greater than the sum of the two parts. With a larger and more diversified portfolio, IP Group believes the combined business would be even more attractive to current and potential new investors and also to other stakeholders including university partners and entrepreneurial talent. IP Group has received irrevocable undertakings and letters of intent in support of the offer from Touchstone Shareholders representing, in aggregate, 89.7 per cent of Touchstone's issued share capital.

Outlook

One of the central beliefs on which IP Group was founded was that modern economies need to support scientific innovation and then seek to commercially leverage such innovation. We believe that this remains very much the case today. The Group's portfolio remains well diversified with a broad range of early to mature businesses across our four sectors and, following the Group's recent capital raise, holds in excess of £260m in cash and deposits. Our operation in the US continues to produce exciting opportunities with two companies now having completed their first 'series A' financings supported by US-based shareholders and we look forward to emulating the Group's successful business model in Australasia.

While it remains important to consider IP Group as a long-term business where results can fluctuate from year to year, we remain excited about the prospects for IP Group and believe the fundamentals of the business are strong and appeal to an increasingly broad set of international investors.

Portfolio review

Overview

During the six months ended 30 June 2017, the value of the Group's portfolio increased to £663.0m (HY16: £525.7m; FY16: £614.0m), reflecting a net unrealised fair value gain of £28.5m (HY16: £24.5m loss; FY16: £7.0m gain) excluding the investments and realisations set out below. The portfolio consists of interests in 96 companies, strategic stakes in three multi-sector platform businesses as well as a further 18 *de minimis* holdings (HY16: 83, 3, 16; FY16: 90, 3, 20). During the period, the Group provided capital to portfolio companies totalling £20.1m (HY16: £12.8m; FY16: £69.7m) and received cash proceeds of £0.3m (HY16: £14.5m; FY16: £14.7m) largely in relation to deferred consideration on the 2014 disposal of Rock Deformation Research Limited.

A summary of the gains and losses across the portfolio is as follows:

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Unrealised increases in fair value of equity and debt investments	**55.6**	6.8	56.6
Unrealised decreases in fair value of equity and debt investments	**(26.5)**	(31.5)	(50.3)
Effects of movement in exchange rates	**(0.6)**	0.2	0.7
Change in fair value of equity and debt investments	**28.5**	(24.5)	7.0
Profit/(loss) on disposals of equity investments	**0.2**	(0.4)	(0.5)
Net portfolio gains/(losses)	**28.7**	(24.9)	6.5

Unrealised increases in the fair value of equity and debt investments primarily arose from Ultrahaptics Holdings Ltd (£12.0m)[2] as a result of its £17.9m funding round, and increases in the share prices of AIM-quoted Ceres Power Holdings Plc (£9.7m) and Xeros Technology Group Plc (£8.9m). Further unrealised fair value increases arose from increases in the share prices of Diurnal Group Plc (£5.9m) and Avacta Group plc (£2.4m) and revaluations of unquoted Creavo Medical Technologies Limited (£5.5m)[2] and OxSyBio Limited (£3.5m)[2]. These unrealised gains were principally offset by decreases in the share prices of hVivo Plc and Tissue Regenix Group Plc, which decreased the value of the Group's holdings by £10.7m and £8.3m respectively.

Investments and realisations

During the first half of 2017, the Group deployed £20.1m of capital into 25 portfolio companies and projects (HY16: £12.8m, 29; FY16[1]: £58.8m, 55). The Group provided initial seed or incubation capital to six opportunities (HY16: eight; FY16: 19), of which five were US-based. The Group exited its interest in one company (HY16: four; FY16: seven) and realised total cash proceeds during the period of £0.3m (HY16: £14.5; FY16: £14.7m).

[1] FY16 excludes the £7.5m and £3.4m strategic investments into Oxford Sciences Innovation plc and Cambridge Innovation Capital plc

[2] Of the fair value gains noted above the following amounts are attributable to the third party limited partners in the consolidated fund, IPVFII; Ultrahaptics: £2.2m, Creavo: £0.9m, OxSyBio £0.5m.

Portfolio analysis – by sector

The Group's portfolio consists of companies operating in four key sectors, being Healthcare, Technology, Cleantech and Biotech, strategic stakes in Multi-sector platform businesses, as well as a number of *de minimis* holdings. An analysis of the portfolio by sector is as follows:

	As at 30 June 2017				As at 31 December 2016			
	Fair value		**Number**		Fair Value		Number	
Sector	**£m**	**%**		**%**	£m	%		%
Healthcare	**325.1**	**54%**	**31**	**32%**	328.0	60%	27	29%
Technology	**115.4**	**20%**	**33**	**34%**	93.6	17%	31	36%
Cleantech	**98.6**	**16%**	**19**	**20%**	76.9	14%	20	22%
Biotech	**60.7**	**10%**	**13**	**14%**	52.1	9%	12	13%
Total	**599.8**[1]	**100%**	**96**	**100%**	550.6[1]	100%	90	100%
Multi-sector platforms	**62.5**	—	**3**	—	62.5	—	3	—
De minimis holdings	**0.7**	—	**18**	—	0.9	—	20	—
	663.0	—	**117**	—	614.0	—	113	—

[1] Total fair value includes £15.1m (FY16: £9.2m) not attributable to equity holders represented by third party limited partners in the consolidated fund, IPVFII.

Healthcare

Company name	**Description**	Quoted/ Unquoted	**Group stake at 30 June 2017 %**	Fair value of Group holding at 31 December 2016 £m	Six months to 30 June 2017 Net investment/ (divestment) £m	Six months to 30 June 2017 Fair value movement £m	**Fair value of Group holding at 30 June 2017 £m**
Oxford Nanopore Technologies Limited	Enabling the analysis of any living thing, by any person, in any environment. Developer of the portable, real time, long-read, low cost MinION nanopore DNA/RNA sequencer	Unquoted	**19.6%**	246.3	—	—	**246.3**
Creavo Medical Technologies Limited	Quantum cardiac imaging technology	Unquoted	**39.5%**(i)	6.6	3.2	4.6	**14.4**
Tissue Regenix Group plc	Regenerative dCELL® soft tissue body parts	Quoted	**13.6%**	20.7	—	(8.3)	**12.4**
hVIVO plc	Viral challenge and "virometrics" specialist ("conquering viral disease")	Quoted	**16.7%**	21.8	—	(10.7)	**11.1**
Alesi Surgical Limited	Medical devices to improve the safety and efficiency of laparoscopic surgery	Unquoted	**48.4%**	5.3	0.5	—	**5.8**
OxSyBio Limited	3D printing for medical research and clinical applications	Unquoted	**49.5%**(i)	1.1	1.2	3.0	**5.3**
Genomics plc	Platform for analysis and interpretation of genomic sequence data	Unquoted	**16.7%**	4.9	—	—	**4.9**
Other companies (24 companies)				16.5	1.9	(0.8)	**17.6**
Value not attributable to equity holders				4.8	1.2	1.3	**7.3**
Total(ii)				328.0	8.0	(10.9)	**325.1**

(i) Represents the Group's undiluted beneficial economic equity interest (excluding debt) including the relevant share of any IPVFII holdings attributable to the Group. The remaining IPVFII stake not attributable to the Group is: Creavo 8.3%, OxSyBio 9.0%.

(ii) Excludes investments classified as *De minimis* holdings.

As in previous years, Oxford Nanopore hosted its annual flagship 'London Calling' conference in May where 400 speakers and delegates convened to discuss research carried out using nanopore sequencing technology. The Company has a strong sense of momentum, and used the event to detail the proliferation of its main sequencing products; thousands of MinIONs are now in the field; a new product for the year, GridION, essentially a benchtop instrument with inbuilt computer processing that can run up to five MinION Flow Cells, that started shipping during the second quarter of 2017; and PromethION (ultra-high throughput/sample number) Flow Cells being held in the stable until its performance is a multiplier of the ever improving MinION data yields. Improved accuracy of the products was demonstrated, with the existing 1D method and a new method, 1D^2, and a new pore, R9.5 came online in Q2. A dongle for real time base calling was described as being in development and the uniquely named Flongle, a 'Flow Cell Dongle' that enables a targeted test for MinION and would therefore suitable for industrial or clinical diagnostics, was in development.

Two out of the five quoted companies in the Healthcare portfolio, Tissue Regenix Group and hVIVO, endured particularly weak share price performance during the period. The Tissue Regenix share price reduction occurred despite the company announcing great commercial progress with strong growth in revenues and the securing of some all-important large GPO contracts. hVIVO announced that success was mixed for the three exploratory studies on the drug PrEP-001. Two of the exploratory studies did not meet their primary endpoints, albeit the company asserted they provided valuable insights for PrEP-001 and build on the profile of the drug following the previously reported positive proof of concept exploratory study in flu and the common cold. hVIVO retains strong cash reserves and meaningful revenues and so we continue to work with the Company to pursue initiatives to ensure it is best placed to deliver shareholder value.

Turning to the private companies, aside from Oxford Nanopore a number of other companies in the private portfolio made exciting progress. The two that stand out were Alesi Surgical and Creavo Medical Technologies.

Alesi Surgical announced it had raised €6.0m (£5.2m) to accelerate commercialisation of its product, Ultravision, an FDA approved device for clearing surgical smoke in laparoscopic procedures. The new investment comes from two European med tech venture capital firms, Panakes Partners and Earlybird, with continued support from Alesi Surgical's existing shareholders including IP Group.

Creavo Medical Technologies continues to go from strength to strength. The Company is developing and undertaking clinical trials on a device for diagnosing heart attacks and, during the period, completed a £13.7m placing at a £25.0m fully diluted pre-money valuation. If the trials are successful and the device is adopted, the company envisages it could save the NHS £200m per year.

Despite the poor performance of a small number of our quoted assets, we remain excited about the opportunities available to the companies in the healthcare portfolio and are optimistic on performance for the full year.

Technology

					Six months to 30 June 2017		
Company name	**Description**	Quoted/ Unquoted	**Group stake at 30 June 2017 %**	Fair value of Group holding at 31 December 2016 £m	Net investment/ (divestment) £m	Fair value & fx movement £m	**Fair value of Group holding at 30 June 2017 £m**
Actual Experience plc	Optimising the human experience of networked applications	Quoted	**22.2%**	23.4	1.5	1.4	**26.3**
Ultrahaptics Holdings Ltd	Contactless haptic technology "feeling without touching"	Unquoted	**31.0%[(i)]**	8.0	4.0	9.8	**21.8**
Mirriad Advertising Limited	Native in-video advertising allowing post-production ad placement	Unquoted	**38.9%**	13.4	—	—	**13.4**
Applied Graphene Materials plc	Producer of speciality graphene materials	Quoted	**20.6%**	5.8	—	1.5	**7.3**

Company name	Description	Quoted/ Unquoted	Group stake at 30 June 2017 %	Fair value of Group holding at 31 December 2016 £m	Six months to 30 June 2017 Net investment/ (divestment) £m	Six months to 30 June 2017 Fair value & fx movement £m	Fair value of Group holding at 30 June 2017 £m
Uniformity Labs, Inc	Equipment, materials and software for additive manufacturing	Unquoted	**25.1%**	5.1	—	(0.2)	**4.9**
Perpetuum Limited	Micro-Electrical-Mechanical systems to generate power from vibrational energy	Unquoted	**29.2%**	4.1	—	—	**4.1**
Other companies (27 companies)				31.5	2.6	(1.9)	**32.2**
Value not attributable to equity holders				2.3	1.0	2.1	**5.4**
Total(ii)				93.6	9.1	12.7	**115.4**

(i) Represents the Group's undiluted beneficial economic equity interest (excluding debt) including the relevant share of any IPVFII holdings attributable to the Group. The remaining IPVFII stake not attributable to the Group is: Ultrahaptics 6.9%.

(ii) Excludes investments classified as *de minimis* holdings.

The first half of 2017 saw two of the division's most valuable companies complete substantial investment rounds, both of which involved high-quality new institutional shareholders. In February, Actual Experience announced that it had raised £17.5m before expenses to support channel partners in deploying the company's technology into a global enterprise customer base. Actual Experience has now received its first production order from a channel partner for a major end-customer, and expects further orders to follow in the near future.

In early May, mid-air haptics pioneer Ultrahaptics announced that it has raised a series B round of £17.9m to support its global expansion and entry into the virtual and augmented reality markets. IP Group participated in the round alongside fellow existing shareholder Woodford Investment Management and new investors including Cornes Group and Dolby Family Ventures. The transaction resulted in a consolidated fair value increase of £12.0m (£2.2m of which is attributable to the minority interest in IP Venture Fund II).

Video advertising innovator, Mirriad Advertising, has made very encouraging progress in recent months with strong commercial engagement building among three flagship customers: GloboSat in Brazil, Star in India and YouKu in China. The next phase is critical as Mirriad rolls out its marketplace advert trading platform to each of these customers.

The next tier of the portfolio, comprised of ten companies where IP Group's holding is valued between £2m and £10m, has been characterised by steady progress over the period, though some of the assets have experienced go-to-market delays. Positive news came from Itaconix plc (formerly Revolymer plc) where we were pleased to see announcements in January of a global supply and joint marketing agreement with Croda Inc, and a joint development agreement with Akzo Nobel Chemicals International B.V., whilst Getech Group plc announced several contract wins leaving it well-placed to meet revenue targets this financial year. There was also encouraging commercial progress at Perpetuum Limited as the company continues to deploy its train monitoring technology to rail operators in the UK and overseas.

At the earlier-stage end of the portfolio, comprised of assets where our holding is valued at less than £2m, we are encouraged by the early commercial progress and growth potential shown by several of our nascent companies. Navenio Limited, a spin-out commercialising indoor location technology developed at the University of Oxford Computer Science Department, has achieved several commercial adoption milestones during the period and we are optimistic for that company's growth prospects. A small handful of assets in the sub-£2 million group have had mixed success and unfortunately one or two may fail to secure further funding in the coming 12 months, albeit IP Group's exposure to those assets is comparatively small in the context of the overall portfolio. In all, it has been a positive half year given progress, transactions and value growth at the higher-value end of the portfolio.

Cleantech

Company name	Description	Quoted/ Unquoted	Group stake at 30 June 2017(i) %	Fair value of Group holding at 31 December 2016 £m	Six months to 30 June 2017 Net investment/ (divestment) £m	Six months to 30 June 2017 Fair value movement £m	**Fair value of Group holding at 30 June 2017 £m**
Xeros Technology Group plc	Polymer bead cleaning systems	Quoted	**11.3%**	20.2	—	8.9	**29.1**
Ceres Power Holdings plc	Ceramic fuel cell technology for distributed generation	Quoted	**25.5%**	18.0	—	9.7	**27.7**
First Light Fusion Limited	New methodology for achieving extreme intensity cavity collapse	Unquoted	**34.9%**	13.9	—	—	**13.9**
Azuri Technologies Limited	Pay-as-you-go solar power for off-grid customers in rural emerging markets	Unquoted	**30.5%**	5.5	—	—	**5.5**
Other companies (15 companies)				16.9	2.5	0.7	**20.1**
Value not attributable to equity holders				2.4	0.1	(0.2)	**2.3**
Total(ii)				76.9	2.6	19.1	**98.6**

(i) Represents the Group's undiluted beneficial economic equity interest (excluding debt) including the relevant share of any IPVFII holdings attributable to the Group.

(ii) Excludes investments classified as *De minimis* holdings.

The Cleantech division has had a good start to 2017. The two largest assets, Ceres Power Holdings plc and Xeros Technology Group plc, have made strong commercial progress which has been reflected in significant improvements in share price. The private portfolio is also developing well with First Light Fusion Limited, Azuri Technologies Limited and newer asset Dukosi Limited all progressing. Capital market sentiment in cleantech has improved over the half year as the global transition to renewable power systems (wind and solar) and electric vehicles continues apace.

Ceres Power, a world-leading next generation fuel cell technology company, has continued its development work with Original Equipment Manufacturers Honda, Nissan and Cummins, which is expected to lead to a doubling of income to c. £4m in its current financial year. It is currently trialling heat and power systems in UK homes and has come to an agreement to develop a product for this residential application with one of its current partners.

Xeros, which has a unique platform for processing fabrics using advanced polymer science, has also had a strong first half. The company has added textile processing to its existing laundry and leather tanning application areas. Additional intellectual property has been developed and filed to underpin this new opportunity. In its established market of commercial laundry, the company now has a total machine estate and backlog of 438 units and has entered the high added value performance workwear market. Xeros also launched the Symphony Project which provides manufacturers of conventional commercial washing machines with 'open source' access to its technology, enabling manufacturers to sell their own-branded products into the market place as well as receiving a share in the long-term water and energy savings that the Xeros technology delivers. The development and launch of Symphony represents a step-change in the rate at which Xeros can scale its technology. Following the announcement of Symphony, the company's share price increased by over 15%.

Our off-grid solar business, Azuri, is also performing well. In this half, the company passed the milestone of 100,000 sales of its PayGo solar home systems in sub-Saharan Africa. Since first entering the market in 2011, Azuri has provided affordable, clean energy for off-grid communities across 12 different African countries. An important part of the company's plans to scale is access to credit finance, and during this period it has secured a c.£4.0m ($5.0m) debt facility from Standard Chartered Bank, raised c. £0.14m (€0.16m) through debt crowdfunding with TRINE and c.£0.4m ($0.6m) from finance platform Lendable, the first debt platform designed specifically for African alternative lenders. This finance will support further rapid growth, such as the programme announced in January 2017 to provide power to 20,000 households in Nigeria.

The largest fundraising in the portfolio in the year to date has been for wireless battery management technology company, Dukosi. IP Group committed £1.2 million to a £2 million internal round alongside existing shareholders Scottish Investment Bank, the investment arm of Scottish Enterprise, and members of Par Equity. This latest funding will take the company through final development and readiness for semiconductor fabrication, and multi-industry certification. Following the transaction, the company is now the fifth-largest asset in the cleantech portfolio, with the Group stake valued at £2.9m for 47.3% of the company's share capital.

The Group's holding in, magnetic transmission systems asset Magnomatics has been re-valued to £2m, down from £4m at the end of 2016. We regularly review the performance of assets, and although Magnomatics has not recently raised finance, it was decided to re-value our holding as the company has continued to struggle commercially and in connection with its intellectual property.

With the current asset base performing very well overall and a strong pipeline of new science from leading universities, the division is well-placed to capture the opportunity arising from the current transition to clean energy and clean transportation.

Biotech

					Six months to 30 June 2017		
Company name	**Description**	Quoted/ Unquoted	**Group stake at 30 June 2017 %**	Fair value of Group holding at 31 December 2016 £m	Net investment/ (divestment) £m	Fair value movement £m	**Fair value of Group holding at 30 June 2017 £m**
Diurnal Group plc	Novel treatments of hormone deficiency	Quoted	**45.0%**	29.3	—	5.9	**35.2**
Avacta Group plc	Bio-therapeutic affimer technology	Quoted	**23.1%**	11.2	—	2.4	**13.6**
Other companies (11 companies)				11.6	0.4	(0.1)	**11.9**
Value not attributable to equity holders				—	—	—	**—**
Total(ii)				52.1	0.4	8.2	**60.7**

(i) Excludes investments classified as *de minimis* holdings.

The most valuable and advanced of the Group's biotech assets is Diurnal Group plc, which was floated successfully on AIM in December 2015. A spin-out from the University of Sheffield, Diurnal has two products in Phase 3 studies, Infacort and Chronocort, for the treatment of the childhood and adult forms of adrenal insufficiency, respectively. During the first half of 2017, the company has taken significant steps towards the eventual market launch of both these Phase 3 products. These include the signing of a marketing and distribution agreement for both products in Israel with Israel's leading commercial group for niche healthcare products, the launch of a European patient access programme for Infacort in collaboration with Clinigen Group plc and the dosing of a food-effect study for Infacort as the first step in its Phase 3 registration programme in the US. The company continues to expect EU approval for Infacort by year-end.

Avacta Group plc, the Biotech division's other listed biotech asset, continues to advance the reagents and therapeutics side of its Affimers business, demonstrating low immunogenicity in an ex-vivo study versus a reference monoclonal antibody and signing several reagents/diagnostics deals with major biotechnology/diagnostic players.

In the unquoted portfolio, Karus Therapeutics Limited has made good progress with its pipeline of cancer therapeutics, with Phase 1 trials for its PI3 kinase inhibitor KA2237 continuing and similar developments with its HDAC6 inhibitor expected this year. Glythera Limited announced that it has demonstrated superior toxicology with Antibody Drug Conjugates ("ADCs") employing its PermaLink technology compared to those employing the industry-standard linker, and has appointed high-profile figures from the US ADC sector to its scientific advisory board.

Modern Biosciences Limited ("MBS") continues to make progress with MBS2320, its lead drug for the treatment of rheumatoid arthritis that is partnered with Janssen Biotech, Inc, which was in Phase 1 studies during the period. Updates on the programme are anticipated in the second half of the year. MBS is a majority-owned subsidiary of the Group and, hence, its results are consolidated in the Group financials rather than being included in the portfolio valuation.

Multi-sector platforms

Company name	Description	Quoted/ Unquoted	**Group stake at 30 June 2017 %**	Fair value of Group holding at 31 December 2016 £m	Six months to 30 June 2017 Net investment/ (divestment) £m	Fair value movement £m	**Fair value of Group holding at 30 June 2017 £m**
Oxford Sciences Innovation plc ("OSI")	University of Oxford preferred IP partner under 15-year framework agreement	Unquoted	**8.1%**	55.5	—	—	**55.5**
Cambridge Innovation Capital plc ("CIC")	University of Cambridge preferred investor under 10-year MoU and investor in IP from the 'Cambridge Cluster'	Unquoted	**5.0%**	6.6	—	—	**6.6**
Other companies (1 company)				0.4	—	—	**0.4**
Value not attributable to equity holders				—	—	—	**—**
Total				62.5	—	—	**62.5**

The value of the Group's holdings in multi-sector platforms was unchanged during the six months to 30 June 2017.

As a result of its 15-year framework agreement with the University of Oxford, OSI is the preferred intellectual property partner for the provision of capital to, and development of, Oxford spin-out companies and is entitled to 50 per cent of the university's founder equity in spin-out companies. OSI has raised in excess of £580m to date. As at 30 June 2017, OSI has invested more than £55m across more than 39 companies. In June, OSI announced that Diffblue, a world-leader in AI for code, had raised a $22m Series A funding led by Goldman Sachs Principal Strategic Investments one year after its formation.

CIC is a preferred investor for the University of Cambridge for the commercialisation of intellectual property created at the University under a 10-year memorandum of understanding and a Cambridge-based investor in technology and healthcare companies from the Cambridge Cluster. CIC has raised £125.0m to date. In July, CIC announced that it had committed a total of £40.0m (2016: £19.0m) into seven new and nine existing portfolio companies in the year ending March 2017, bringing the total invested or committed since inception to £63.7m in 19 companies (2016: £26.0m to 12 companies). Following the investment into Bicycle Therapeutics in June 2017, CIC has now committed £72m to 20 portfolio companies.

Portfolio analysis – by investment stage

At 30 June 2017, the Group's portfolio fair value of £663.0m comprises holdings in businesses that are distributed across stages of maturity as follows:

	As at 30 June 2017				As at 31 December 2016			
	Fair value		**Number**		Fair Value		Number	
Stage	**£m**	**%**		**%**	£m	%		%
Focus	**514.7**	**85%**	**19**	**20%**	473.3	86%	19	21%
Development	**63.0**	**11%**	**35**	**36%**	57.0	10%	32	36%
Early-stage	**22.1**	**4%**	**42**	**44%**	20.3	4%	39	43%
Total	**599.8[1]**	**100%**	**96**	**100%**	550.6[1]	100%	90	100%
Multi-sector platforms	**62.5**	—	**3**	—	62.5	—	3	—
De minimis holdings	**0.7**	—	**18**	—	0.9	—	20	—
	663.0	—	**117**	—	614.0	—	113	—

[1] Total fair value includes £15.1m (FY16: £9.2m) attributable to equity holders represented by third party limited partners in the consolidated fund, IPVFII.

Early-stage companies include both incubation and seed opportunities. Incubation opportunities comprise businesses or pre-incorporation projects that are generally at a very early stage of development, at most within three years since the Group's first financing, and have received at least one stage of funding. Opportunities at this stage usually involve capital of less than £0.2m from IP Group, predominantly allowing for proof of concept work to be carried out. Seed businesses are those that have typically received financing of up to £1m in total, primarily from the Group, in order to continue to progress towards agreed commercial and technology milestones and to enable the recruitment of management teams and early commercial engagement.

Portfolio companies which are classed as being in the Focus stage are those portfolio companies (excluding multi-sector platform companies) in which the Group's holdings have a fair value in excess of £4.0m.

The Development stage group includes other businesses to which the Group has provided in excess of £0.5m as principal investor, or in excess of £1.0m of funding in conjunction with other significant investors. Although each business can vary significantly in its rate and manner of development, such additional funding is generally used to progress towards key milestones and commercial validation, to build senior level capability in the business and to attract experienced non-executive directors to their boards.

The multi-sector platform companies in which the Group has taken a strategic stake operate a similar business model of sourcing and developing university spin-outs, typically from a single institution.

Those companies which either do not progress beyond the incubation stage within three years of the Group's initial funding and/or whose value has subsequently fallen to below £0.1m but remain as an operating business are classed as *de minimis* holdings.

Cash investment analysis by company stage	**Six months ended 30 June 2017 £m**	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Focus	**12.5**	3.7	39.0
Development	**4.5**	4.1	10.8
Early Stage	**3.1**	5.0	9.0
Total	**20.1**	12.8	58.8
Multi-sector platforms	—	—	10.9
Total purchase of equity and debt investments	**20.1**	12.8	69.7

Cash proceeds from sales of equity investments	**0.3**	14.5	14.7

Financial and operational review

Consolidated statement of comprehensive income

The Group recorded a profit for the period of £18.4m (HY16: £33.9m loss; FY16: £14.8m loss) and a positive Return on Hard NAV, i.e. on the Group's net assets excluding goodwill and intangible assets, of £21.3m (HY16: £30.6m negative; FY16: £7.6m negative).

A summary analysis of the Group's performance is provided below:

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Net portfolio gains/(losses) [(1)]	**28.7**	(24.9)	6.5
Change in fair value of limited and limited liability partnership interests	**0.2**	(0.2)	(0.3)
Fair value loss on contingent value rights	—	—	(1.4)
Licensing income	**3.0**	0.1	0.2
Other income	**2.6**	0.9	2.6
Amortisation of intangible assets	**(2.2)**	(2.8)	(5.6)
Administrative expenses – Modern Biosciences	**(1.1)**	(0.7)	(1.4)
Administrative expenses – other consolidated portfolio companies	**(0.5)**	(0.4)	(1.1)
Administrative expenses – performance-based staff incentives and share-based payments charge	**(0.7)**	(0.4)	(1.5)
Administrative expenses – all other expenses	**(8.1)**	(5.9)	(13.0)
Carried interest plan charge	**(2.7)**	—	—
Acquisition costs	**(1.0)**	—	(0.4)
Net finance income	**0.2**	0.4	0.6
Profit/(loss) for the period	**18.4**	(33.9)	(14.8)
Other comprehensive income	—	0.1	0.1
Total comprehensive income/(loss) for the period	**18.4**	(33.8)	(14.7)
Exclude:			
Amortisation of intangibles assets	**2.2**	2.8	5.6
Share based payment charge	**0.7**	0.4	1.5
Return on Hard NAV	**21.3**	(30.6)	(7.6)

1. Defined in the Portfolio review section

Net portfolio gains consist primarily of realised and unrealised fair value gains and losses from the Group's equity and debt holdings in spin-out businesses, which are analysed in detail in the portfolio analysis above, as well as movements in the fair value of the Group's interests in limited and limited liability partnerships.

Other income totalled £2.6m; an increase on the previous half year (HY16: £0.9m; FY16: £2.6m) largely due to the acquisition of Parkwalk Advisors in January and the resultant fund management related fees and commissions (£1.4m) which were consolidated into the Group's results for the first time. Other income comprises fund management fees, as well as consulting and similar fees, typically chargeable to portfolio companies for services including executive search and selection as well as legal and administrative support. In addition to Parkwalk Advisors, fund management fees are also received from the Group's three existing managed funds, two of which, IP Venture Fund LP ("IPVF") and The North East Technology Fund LP ("NETF"), also have the potential to generate performance fees from successful investment performance. The results of the Group's third managed fund, IP Venture Fund II ("IPVFII"), are consolidated into those of the Group and accordingly the fund management fees received are not reflected in the consolidated statement of comprehensive income.

As described in the portfolio review, the results of the Group's drug-development subsidiary, MBS, are consolidated into those of the Group. MBS continues to make good progress in its lead MBS2320 programme, partnered with

Janssen Biotech, Inc. The timing of payments under this partnership are linked to the development of the programme and certain milestones were achieved during the period. Licensing income for the Group totalled £3.0m; an increase on the previous period (HY16: £0.1; FY16: £0.2m) predominantly as a result of the achievement of these milestones.

Administrative expenses relating to MBS totalled £1.1m; an increase on the previous half year (HY16: £0.7M; FY16: £1.4m). This is due to increased costs necessary to develop its lead drug programme in preparation for the next stage of clinical trials.

Included within the Group's administrative expenses are costs in respect of a small number of other portfolio companies. Typically, the Group owns a non-controlling interest in its portfolio companies however, in certain circumstances the Group will take a controlling stake and hence consolidate the results of a portfolio company into the Group's financial statements. The administrative expenses included in the Group's results for such companies primarily comprise staff costs, R&D and other operating expenses.

Other central administrative expenses, excluding performance-based staff incentives and share-based payments charges, have increased to £8.1m during the period (HY16: £5.9m; FY16: £13.0m), primarily as a result of an increase in staffing costs, the results of Parkwalk Advisors being consolidated for the first time (£0.5m) and costs related to IP Group's head office relocation incurred in the period (£0.5m).

Acquisition costs incurred in the period relate to expenses related to the proposed combination of Touchstone Innovations plc while those recognised in the previous period relate to the acquisition of Parkwalk Advisors.

The carried interest plan charge relates to the Group's new Long Term Incentive Carry Scheme ("LTICS") which was implemented in late 2016. This accrual reflects the impact of net fair value gains in the scheme assets in excess of the hurdle. There is no cash payment due to members of the scheme until sufficient asset realisations have occurred.

Administrative expenses resulting from performance-based staff incentives and share-based payment charges increased to £0.7m during the period (HY16: £0.4m; FY16 £1.5m), The Group's return on Hard NAV is below the minimum threshold for any payments to be made (or accrued) under the Group's Annual Incentive Scheme, and the full current year cost therefore relates to the IFRS 2 share-based payments charge attributable to the Group's Deferred Bonus Share Plan and Long Term Incentive Plan. This non-cash charge reflects the fair value of services received from employees, measured by reference to the fair value of the share-based payments at the date of award, but has no net impact on the Group's total equity or "net assets".

Consolidated statement of financial position

Net assets in the period increased to £968.1m (HY16: £748.5m; FY16: £768.7m) largely as a result of the £28.7m net portfolio gains in the Group's holdings in portfolio companies and the successful equity placing in the period.

The Group's diversified portfolio of holdings in private and publicly listed companies is valued at £663.0m (HY16: £525.7m; FY16: £614.0m). "Hard" net assets, i.e. total net assets less intangibles totalled £890.5m at 30 June 2017 (HY16: £683.5m; FY16: £706.5m).

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Total Equity or Net Assets	**968.1**	748.5	768.7
Exclude:			
Goodwill	**72.6**	57.1	57.1
Other intangible assets	**5.0**	7.9	5.1
Hard NAV	**890.5**	683.5	706.5
Hard NAV per share	**127.8p**	120.9p	125.0p

Cash, cash equivalents and short-term deposits ("Cash")

The principal constituents of the movement in Cash during the period are as follows:

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Year ended 31 December 2016 £m
Net Cash used in operating activities (excluding cash flows from deposits)	**(2.9)**	(5.8)	(11.4)
Net Cash (used in) / generated by investing activities	**(26.6)**	1.6	(55.2)
Net Cash from financing activities	**180.3**	—	—
Effect of foreign exchange rate changes	—	0.1	0.1
Movement during period	**150.8**	(4.1)	(66.5)

At 30 June 2017, the Group's Cash totalled £263.1m, an increase of £150.8m from a total of £112.3m at 31 December 2016, predominantly due to a net £180.3m increase from the issue of new equity capital.

Included in the reported £207.0m capital raise was a delayed subscription from Beijing Galaxy World Group Co. Ltd, a Chinese-based investor. Their investment is subject to Chinese foreign exchange and other regulatory approvals and will therefore be subject to delayed settlement and admission. This investment, and the associated issue of new equity capital, remained outstanding at the period end and at the date of this report.

Net cash used in investing activities increased significantly from the comparable period in 2016 to, largely due to the acquisition of Parkwalk Advisors at the start of the period for an initial consideration of £10.0m comprising of £5.0m payable in cash, a reduction in realisations to £0.3m (HY16: £14.5m; FY16: £14.7m) and an increase in the rate of investment to £20.1m (HY16: £12.8m; FY16: £69.7m) in the period.

Taxation

Since the Group's activities, including its activities in the US, are substantially trading in nature, the Directors continue to believe that the Group qualifies for the Substantial Shareholdings Exemption ("SSE"). This exemption provides that gains arising on the disposal of qualifying holdings are not chargeable to UK corporation tax and, as such, the Group has continued not to recognise a provision for deferred taxation in respect of uplifts in value on those equity holdings that meet the qualifying criteria.

In the Autumn Statement 2016, the UK Government announced its intention to make certain changes to the SSE regime, principally from the Group's perspective, to remove the requirement for the investing entity (in this case, IP Group) to be a sole trading entity or member of a trading group and extending the minimum 10% holding period to any 12-month period in the six years prior to disposal. The Group welcomed these changes and the directors anticipate that they will have a favourable impact on the Group, giving greater certainty over the exemption of qualifying gains under SSE, and increasing the Group's flexibility over the timing of future portfolio company disposals. These changes were anticipated to be substantively enacted in the Finance Bill 2017, however as a result of the May 2017 General Election these provisions were dropped from the Finance Bill and are instead expected to be enacted in a subsequent Bill.

Principal risks and uncertainties

A detailed explanation of the principal risks and uncertainties faced by the Group, and the steps taken to manage them, is set out in the Corporate Governance section of the Group's 2016 Annual Report and Accounts. The principal risks and uncertainties are summarised as follows:

- it may be difficult for the Group and its early-stage companies to attract capital;
- the returns and cash proceeds from the Group's early-stage companies can be very uncertain;
- universities or other research-intensive institutions may terminate their partnerships or other collaborative relationships with the Group;
- the Group may lose key personnel or fail to attract and integrate new personnel;
- macroeconomic conditions may negatively impact the Group's ability to achieve its strategic objectives; and
- there may be changes to, impacts from, or failure to comply with, legislation, government policy and regulation.

There have been no significant changes in the nature of these risks that will affect the next six months of the financial year, and thus the risks noted above are applicable to the forthcoming six months.

Condensed consolidated statement of comprehensive income
For the six months ended 30 June 2017

	Note	**Audited six months ended 30 June 2017 £m**	Unaudited six months ended 30 June 2016 £m	Audited year ended 31 December 2016 £m
Portfolio return and revenue				
Change in fair value of equity and debt investments		**28.5**	(24.5)	7.0
Gain/(loss) on disposal of equity investments		**0.2**	(0.4)	(0.5)
Change in fair value of limited and limited liability partnership interests		**0.2**	(0.2)	(0.3)
Change in value of contingent value right		—	—	(1.4)
Licensing income		**3.0**	0.1	0.2
Revenue from services and other income		**2.6**	0.9	2.6
		34.5	(24.1)	7.6
Administrative expenses				
Research and development		**(0.9)**	(0.4)	(1.0)
Carried interest plan charge		**(2.7)**	—	—
Share-based payment charge		**(0.7)**	(0.4)	(1.5)
Amortisation of intangible assets	6	**(2.2)**	(2.8)	(5.6)
Acquisition costs		**(1.0)**	—	(0.4)
Other administrative expenses		**(8.8)**	(6.6)	(14.5)
		(16.3)	(10.2)	(23.0)
Operating profit/(loss)		**18.2**	(34.3)	(15.4)
Finance income – interest receivable		**0.4**	0.6	1.1
Finance income – interest payable		**(0.2)**	(0.2)	(0.5)
Profit/(loss) before taxation		**18.4**	(33.9)	(14.8)
Taxation		**—**	—	—
Profit/(loss) for the period		**18.4**	(33.9)	(14.8)
Other comprehensive income				
Exchange differences on translating foreign operations		**—**	0.1	0.1
Total comprehensive income for the period		**18.4**	(33.8)	(14.7)
Attributable to:				
Equity holders of the parent		**14.9**	(33.4)	(13.5)
Non-controlling interest		**3.5**	(0.4)	(1.2)
		18.4	(33.8)	(14.7)
Earnings per share				
Basic (p)	2	**2.56**	(5.92)	(2.39)
Diluted (p)	2	**2.56**	(5.92)	(2.39)

Condensed consolidated statement of financial position
As at 30 June 2017

	Note	**Audited 30 June 2017 £m**	Unaudited 30 June 2016 £m	Audited 31 December 2016 £m
ASSETS				
Non-current assets				
Intangible assets:				
Goodwill	7	**72.6**	57.1	57.1
Acquired intangible asset	6	**5.0**	7.9	5.1
Property, plant and equipment		**1.6**	0.2	0.2
Portfolio:				
Equity investments	3	**649.9**	516.6	594.9
Debt investments	3	**13.1**	9.1	19.1
Limited and limited liability partnership interests		**4.4**	4.3	4.2
Contingent value rights		**—**	1.4	—
Total non-current assets		**746.6**	596.6	680.6
Current assets				
Trade and other receivables		**5.4**	2.2	2.6
Deposits		**85.0**	25.0	—
Cash and cash equivalents		**178.1**	149.7	112.3
Total current assets		**268.5**	176.9	114.9
Total assets		**1,015.1**	773.5	795.5
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Called up share capital		**13.9**	11.3	11.3
Share premium account		**682.4**	504.7	504.7
Merger reserve		**12.8**	12.8	12.8
Retained earnings		**255.2**	218.6	239.6
Total equity attributable to equity holders		**964.3**	747.4	768.4
Non-controlling interest		**3.8**	1.1	0.3
Total equity		**968.1**	748.5	768.7
Current liabilities				
Trade and other payables		**11.3**	2.5	2.1
Non-current liabilities				
EIB debt facility		**14.9**	14.9	14.9
Carried interest plan liability		**2.7**	**—**	**—**
Loans from limited partners of consolidated funds		**12.7**	7.6	9.8
Deferred and contingent consideration payable on acquisition		**5.4**	—	—
Total equity and liabilities		**1,015.1**	773.5	795.5

Condensed consolidated statement of cash flows
For the six months ended 30 June 2017

	Audited six months ended 30 June 2017 £m	Unaudited six months ended 30 June 2016 £m	Audited year ended 31 December 2016 £m
Operating activities			
Operating profit/(loss)	**18.2**	(34.3)	(15.4)
Adjusted for:			
Change in fair value of equity and debt investments	**(28.5)**	24.5	(7.0)
Change in fair value of limited and limited liability partnership interests	**(0.2)**	0.2	0.3
Change in fair value of contingent value right	—	—	1.4
Gain/(loss) on disposal of equity investments	**(0.2)**	0.4	0.5
Depreciation of property, plant and equipment	**0.1**	—	0.1
Long term incentive carry scheme plan charge	**2.7**	—	—
Amortisation of intangible non-current assets	**2.2**	2.8	5.6
Fees settled in the form of equity	**(0.4)**	—	(0.4)
Share-based payment charge	**0.7**	0.4	1.5
Changes in working capital:			
(Increase)/decrease in trade and other receivables	**(2.6)**	0.7	0.2
Increase/(decrease) in trade and other payables	**5.1**	(1.6)	(1.8)
Increase in non-current liabilities	**—**	0.5	2.7
Net cash flow (to)/from deposits	**(85.0)**	45.0	70.0
Other operating cash flows:			
Net interest received	**—**	0.6	0.9
Net cash (outflow)/inflow from operating activities	**(87.9)**	39.2	58.6
Investing activities			
Purchase of property, plant and equipment	**(1.6)**	—	(0.1)
Purchase of equity and debt investments	**(20.1)**	(12.8)	(69.7)
Acquisition of subsidiary undertaking	**(5.2)**	—	—
Investment in limited and limited liability partnerships	**—**	(0.1)	(0.1)
Proceeds from sale of equity investments	**0.3**	14.5	14.7
Net cash (outflow)/inflow from investing activities	**(26.6)**	1.6	(55.2)
Financing activities			
Proceeds from the issue of share capital	**180.3**	—	—
Net cash inflow from financing activities	**180.3**	—	—
Net increase in cash and cash equivalents	**65.8**	40.8	3.4
Cash and cash equivalents at the beginning of the period	**112.3**	108.8	108.8
Effect of foreign exchange rate changes	**—**	0.1	0.1
Cash and cash equivalents at the end of the period	**178.1**	149.7	112.3

Condensed consolidated statement of changes in equity
For the six months ended 30 June 2017

	Attributable to equity holders of the parent						
	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
At 31 December 2015 (audited)	11.3	504.7	12.8	251.6	780.4	1.5	781.9
Share-based payments	—	—	—	0.4	0.4	—	0.4
Comprehensive income	—	—	—	(33.4)	(33.4)	(0.4)	(33.8)
At 30 June 2016 (unaudited)	11.3	504.7	12.8	218.6	747.4	1.1	748.5
Share-based payment charge	—	—	—	1.1	1.1	—	1.1
Comprehensive income	—	—	—	19.9	19.9	(0.8)	19.1
At 31 December 2016 (audited)	**11.3**	**504.7**	**12.8**	**239.6**	**768.4**	**0.3**	**768.7**
Issue of equity	**2.6**	**177.7**	**—**	**—**	**180.3**	**—**	**180.3**
Share-based payment charge	**—**	**—**	**—**	**0.7**	**0.7**	**—**	**0.7**
Comprehensive income	**—**	**—**	**—**	**14.9**	**14.9**	**3.5**	**18.4**
At 30 June 2017 (audited)	**13.9**	**682.4**	**12.8**	**255.2**	**964.3**	**3.8**	**968.1**

Notes to the half-yearly condensed set of financial statements

1. Operating segments

For each of the periods referenced below, the Group's revenue and profit/loss before taxation were derived almost entirely from its principal activities within the UK. Though the Group has initiated operations in the US, the associated revenues and costs are currently immaterial and accordingly, no additional geographical disclosures are given. For management reporting purposes, the Group is currently organised into three operating segments: (i) the commercialisation of intellectual property via the formation of long-term partner relationships with universities; (ii) the management of EIS and venture funds focusing on early-stage UK technology companies; and (iii) the in-licensing of drugable intellectual property from research intensive institutions.

Six months ended 30 June 2017 (audited)	University partnership business £m	Venture capital fund management £m	In-licensing activity £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME				
Portfolio return and revenue				
Change in fair value of equity and debt investments	28.5	—	—	28.5
Gain on disposal of equity investments	0.2	—	—	0.2
Change in fair value of limited and limited liability partnership investments	0.2	—	—	0.2
Licensing income	—	—	3.0	3.0
Revenue from services and other income	0.1	—	—	0.1
Revenue from fund management services	—	2.5	—	2.5
Amortisation of intangible assets	(2.2)	—	—	(2.2)
Carried interest plan charge	(2.7)	—	—	(2.7)
Acquisition costs	(1.0)	—	—	(1.0)
Administrative expenses	(8.5)	(1.0)	(0.9)	(10.4)
Operating profit	14.6	1.5	2.1	18.2
Net finance income	0.2	—	—	0.2
Profit before taxation	14.8	1.5	2.1	18.4
Taxation	—	—	—	—
Profit for the period	14.8	1.5	2.1	18.4
Exchange differences on translating foreign operations	—	—	—	—
STATEMENT OF FINANCIAL POSITION				
Assets	990.7	15.6	8.8	1,015.1
Liabilities	(37.3)	(0.4)	(9.3)	(47.0)
Net assets	953.4	15.2	(0.5)	968.1
Other segment items				
Capital expenditure	(1.6)	—	—	(1.6)
Depreciation	(0.1)	—	—	(0.1)

Six months ended 30 June 2016 (unaudited)	University partnership business £m	Venture capital fund management £m	In-licensing activity £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME				
Portfolio return and revenue				
Change in fair value of equity and debt investments	(24.5)	—	—	(24.5)
Loss on disposal of equity investments	(0.4)	—	—	(0.4)
Change in fair value of limited and limited liability partnership investments	(0.2)	—	—	(0.2)
Other portfolio income	—	—	—	—
Licensing income	0.1	—	—	0.1
Revenue from services and other income	0.4	—	—	0.4
Revenue from fund management services	—	0.5	—	0.5
Change in fair value of Oxford Equity Rights asset	—	—	—	—
Amortisation of intangible assets	(2.8)	—	—	(2.8)
Administrative expenses	(5.7)	(1.0)	(0.7)	(7.4)

Six months ended 30 June 2016 (unaudited)	University partnership business £m	Venture capital fund management £m	In-licensing activity £m	Consolidated £m
Operating profit	(33.1)	(0.5)	(0.7)	(34.3)
Net finance income	0.4	—	—	0.4
Profit before taxation	(32.7)	(0.5)	(0.7)	(33.9)
Taxation	—	—	—	—
Loss for the period	(32.7)	(0.5)	(0.7)	(33.9)
Exchange differences on translating foreign operations	0.1	—	—	0.1
STATEMENT OF FINANCIAL POSITION				
Assets	755.3	11.5	6.7	773.5
Liabilities	(24.9)	(0.1)	—	(25.0)
Net assets	730.4	11.4	6.7	748.5
Other segment items				
Capital expenditure	—	—	—	—
Depreciation	—	—	—	—

Year ended 31 December 2016 (audited)	University partnership business £m	Venture capital fund management £m	In-licensing activity £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME				
Portfolio return and revenue				
Change in fair value of equity and debt investments	7.0	—	—	7.0
Loss on disposal of equity investments	(0.5)	—	—	(0.5)
Change in fair value of limited and limited liability partnership interests	(0.3)	—	—	(0.3)
Change in value of contingent value right	(1.4)	—	—	(1.4)
Licensing income	0.2	—	—	0.2
Revenue from services and other income	0.8	0.9	—	1.7
Revenue from fund management services	—	0.9	—	0.9
Amortisation of intangible assets	(5.6)	—	—	(5.6)
Acquisition costs	(0.4)	—	—	(0.4)
Administrative expenses	(14.9)	(0.7)	(1.4)	(17.0)
Operating loss	(15.1)	1.1	(1.4)	(15.4)
Finance income – interest receivable	0.6	—	—	0.6
Loss before taxation	(14.5)	1.1	(1.4)	(14.8)
Taxation	—	—	—	—
Loss for the year	(14.5)	1.1	(1.4)	(14.8)
STATEMENT OF FINANCIAL POSITION				
Assets	778.4	10.9	6.2	795.5
Liabilities	(26.5)	(0.1)	(0.2)	(26.8)
Net assets	751.9	10.8	6.0	768.7
Other segment items				
Capital expenditure	0.1	—	—	0.1
Depreciation	(0.1)	—	—	(0.1)

2. Earnings per share

Earnings	Audited six months ended 30 June 2017 £m	Unaudited six months ended 30 June 2016 £m	Audited year ended 31 December 2016 £m
Earnings for the purposes of basic and dilutive earnings per share	**14.9**	(33.4)	(13.5)

Number of shares	Audited six months ended 30 June 2017 Number of shares	Unaudited six months ended 30 June 2016 Number of shares	Audited year ended 31 December 2016 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**581,197,034**	564,897,747	565,056,171
Effect of dilutive potential ordinary shares: Options or contingently issuable shares	**1,022,809**	—	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**582,219,843**	564,897,747	565,056,171

Potentially dilutive ordinary shares include contingently issuable shares arising under the Group's LTIP arrangements, and options issued as part of the Deferred Bonus Share Plan (for annual bonuses deferred under the terms of the Group's annual incentive scheme).

3. Investment portfolio

The accounting policies in regards to valuations in these half-yearly results are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 December 2016 and which will form the basis of the 2017 Annual Report and Accounts. Investments are designated as fair value through profit or loss and are initially recognised at fair value and any gains or losses arising from subsequent changes in fair value are presented in profit or loss in the statement of comprehensive income in the period in which they arise.

The Group classifies financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the related fair value measurements. The level in the fair value hierarchy within which a financial asset is classified is determined on the basis of the lowest level input that is significant to that asset's fair value measurement. The fair value hierarchy has the following levels:

Level 1 – Quoted prices in active markets.

Level 2 – Inputs other than quoted prices that are observable, such as prices from market transactions. These are mainly based on prices determined from recent investments in the last twelve months.

Level 3 – One or more inputs that are not based on observable market data.

	Level 1	Level 2		Level 3	
	Equity investments in quoted spin-out companies £m	Equity investments in unquoted spin-out companies £m	Unquoted debt investments in spin-out companies £m	Equity investments in unquoted spin-out companies £m	Total £m
At 31 December 2015 (audited)	201.3	308.6	9.1	33.2	552.2
Investments during the period	3.0	7. 2	2.6	—	12.8
Transaction-based reclassifications during the period	—	0.6	(0.6)	—	—
Other transfers between hierarchy levels during the period	—	(3.6)	—	3.6	—
Disposals during the period	(14.6)	(0.1)	(0.1)	—	(14.8)
Change in fair value in the period	(21.8)	(0.7)	0.1	(2.1)	(24.5)
At 30 June 2016 (unaudited)	167.9	312.0	11.1	34.7	525.7
Investments during the period	7.9	43.7	3.6	1.7	56.9
Transaction-based reclassifications during the period	—	0.1	(0.1)	—	—
Other transfers between hierarchy levels during the period	—	(36.2)	6.7	29.5	—
Disposals during the period	(0.4)	(0.1)	—	—	(0.5)
Fees settled via equity	—	0.4	—	—	0.4
Change in fair value in the period	(14.3)	48.1	(2.2)	(0.1)	31.5
Exchange differences on translating foreign currency investments	—		—	—	
At 31 December 2016 (audited)	**161.1**	**368.0**	**19.1**	**65.8**	**614.0**
Investments during the period	**1.5**	**15.2**	**2.9**	**0.5**	**20.1**
Transaction-based reclassifications during the period	**—**	**4.1**	**(8.6)**	**4.5**	**—**
Other transfers between hierarchy levels during the period	**—**	**2.6**	**—**	**(2.6)**	**—**
Disposals during the period	**—**	**—**	**—**	**—**	**—**
Fees settled via equity	**—**	**0.4**	**—**	**—**	**0.4**
Change in fair value in the period	**10.3**	**23.9**	**(0.3)**	**(4.8)**	**29.1**
Exchange differences on translating foreign currency investments	**—**	**(0.6)**	**—**	**—**	**(0.6)**
At 30 June 2017 (audited)	**172.9**	**413.6**	**13.1**	**63.4**	**663.0**

Fair values of unquoted spin-out companies classified as Level 3 in the fair value hierarchy have been determined in part or in full by valuation techniques that are not supported by observable market prices or rates. Investments in 52 companies have been classified as Level 3 and the individual valuations for each of these have been arrived at using the following valuation method:

Where fair values are based upon the most recent market transaction, but that transaction occurred more than twelve months prior to the balance sheet date, the investments are classified as Level 3 in the fair value hierarchy. The fair values of investments categorised as Level 3 are analysed on a monthly basis to consider indicators which may make the most recent investment no longer a representation of fair value. Due to the nature of the investments, observable market inputs are not commonly available, therefore consideration of indicators of a change in fair value focus on the companies' performance and achievement of technical and commercial milestones.

Where indicators of a change in fair value against the most recent market transaction are identified, any adjustment to arrive at fair value is based on objective data from the company and the experience and judgement of the Group.

If the fair value of all Level 3 investments were to decrease by 10%, the net assets figure would decrease by £6.3m, with a corresponding increase if the unobservable inputs were to increase by 10%.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Transfers between tiers are then made as if the transfer took place on the first day of the period in question.

If the assumptions used in the valuation techniques for the Group's holding in each company are varied by using a range of possible alternatives, there is no material difference to the carrying value of the respective spin-out company. The effect on the consolidated statement of comprehensive income for the period is also not expected to be material.

Transfers between Level 2 and 1 occur when a previously unquoted investment undertakes an initial public offering, resulting in its equity becoming quoted on an active market. In the current period, there were no transfers of this nature.

Transfers between Level 1 and Level 2 would occur when a quoted investment's market becomes inactive. There have been no such instances in the current period.

Transfers between Level 3 and Level 2 occur when an investment, for which the penultimate funding round occurred more than twelve months before the prior period end, undertakes an investment round during the period that results in an observable market price. In the current period, transfers of this nature amounted to £17.6m.

Transfers between Level 2 and Level 3 occur when the balance sheet date becomes more than twelve months after an investment's most recent funding round, at which point the price is deemed to be unobservable. In the current period, transfers of this nature amounted to £15.0m.

The fair value changes in Level 3 investments have amounted to a loss of £4.8m in the period, recognised as change in fair value of equity and debt investments in the condensed consolidated statement of comprehensive income.

4. Share capital

	Audited 30 June 2017 £m	Unaudited 30 June 2016 £m	Audited 31 December 2016 £m
Issued and fully paid:			
696,727,321 ordinary shares of 2p each (HY16: 565,207,667; FY16: 565,221,967)	**13.9**	11.3	11.3

In June 2017, the Group raised £183.9m (before expenses) through the issuance of 131,357,140 shares at a price of £1.40 per share.

Additionally, the Group issued 148,214 new ordinary shares in June 2017 following the exercise of nil-cost options awarded under the Group's Deferred Bonus Share Plan by certain of the Group's employees.

The Company has one class of ordinary shares, each with a par value of 2p and carrying equal voting rights, equal rights to income and distributions of assets on liquidation, or otherwise, and no right to fixed income.

5. Acquisition of Parkwalk Advisors Ltd

On 31 January 2017, the Group acquired 100% of the share capital of Parkwalk Advisors Limited ("Parkwalk"), the UK's leading university spin-out focused EIS fund manager. The maximum consideration payable is £20.0m over a three-year period with additional cash compensation of £1.7m, equivalent to the net cash within the business on acquisition, being paid shortly after completion. The initial consideration comprises £5.0m payable in cash, £2.5m payable in the form of newly-issued IP Group ordinary shares and £2.5m of cash payable in two equal tranches over two years, subject to certain conditions. The remaining £10m consideration is payable as £5m in cash and £5m in IP Group ordinary shares over a three-year period, subject to Parkwalk achieving certain business performance targets.

The Parkwalk acquisition generated goodwill of £14.9m, which relates to the anticipated value of the business to the Group. The acquisition reinforces IP Group's access to a diversified pool of capital for co-funding the earlier stages of the portfolio while providing a profitable and growing platform to develop closer links with institutional investment platforms. The goodwill has been apportioned across the group's University partnerships CGU and the Parkwalk Advisors CGU.

Since the acquisition, Parkwalk has continued to increase its assets under management and realise investment opportunities.

The acquisition has been accounted for using the acquisition method and the interim condensed consolidated financial statements include the results of Parkwalk for the five-month period from the acquisition date.

6. Intangible assets

	Total £m
Cost	
At 30 June 2016 (unaudited), 31 December 2016 (audited)	21.6
Additions: acquisition of Parkwalk Advisors (see note 5)	**2.1**
At 30 June 2017 (audited)	**23.7**
Accumulated amortisation	
At 1 January 2016 (audited)	10.9
Charge for the period	2.8
At 30 June 2016 (unaudited)	13.7
Charge for the period	**2.8**
At 31 December 2016 (audited)	16.5
Charge for the period	2.2
At 30 June 2017 (audited)	**18.7**
Net book value	
At 30 June 2016 (unaudited)	7.9
At 31 December 2016 (audited)	5.1
At 30 June 2017 (audited)	**5.0**

The existing intangible assets represent contractual arrangements and memorandums of understanding with four UK universities acquired through acquisition of a subsidiary. The contractual arrangements have fixed terms and, consequently, the intangible assets have finite lives that align with the remaining terms which, at the end of the period, range from 11 months to 32 months. The individual contractual arrangements are amortised in a straight line over the remainder of their terms with the expense being presented directly on the primary statements. Additional intangible assets recognised in the period represent the present value of future funded annual management fees on the acquisition of Parkwalk Advisors in the period. The individual contractual arrangements are amortised in a straight line over the remainder of their terms with the expense being presented directly on the primary statements.

7. Goodwill

	£m
At 30 June 2016 (unaudited), 31 December 2016 (audited)	**57.1**
Recognised on acquisition of subsidiary undertaking (see note 5)	**14.9**
Other additions	**0.6**
At 30 June 2017 (audited)	**72.6**

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of acquired subsidiaries at the date of acquisition. Included in the balance sheet of the Group, at 30 June 2017, is goodwill of £72.6m. This arose from the Group's acquisition of Top Technology Ventures Limited in June 2004 (£2.1m), Techtran Group Limited in January 2005 (£16.3m), Fusion IP plc in March 2014 (£38.7m) and more recently the acquisition of Parkwalk Advisors in January 2017 (£14.9m). Goodwill is allocated from the acquisition date to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the business combination. Goodwill may be allocated to CGUs in both the acquired business and in the existing business.

The Group conducts annual impairment tests on the carrying value of goodwill, based on the recoverable amount of the CGUs to which the goodwill has been allocated. The goodwill allocated to each CGU is summarised in the table below. A number of both value-in-use and fair-value-less-costs-to-sale calculations are used to assess the recoverable values of the CGUs, details of which are specified in the audited consolidated financial statements for the year ended 31 December 2016.

	Audited 30 June 2017 £m	Unaudited 30 June 2016 £m	Audited 31 December 2016 £m
University partnership CGU	**61.1**	55.0	55.0
Fund management CGU	**2.1**	2.1	2.1
Parkwalk Advisors CGU	**9.4**	—	—
	72.6	57.1	57.1

During the period to 30 June 2017, no factors indicating potential impairment of goodwill were noted and, as a result, no impairment review was deemed necessary.

8. Related party transactions

The Group has various related parties arising from its key management, subsidiaries, equity stakes in portfolio companies and management of certain Limited Partnership funds.

a) Limited partnerships

The Group manages a number of investment funds structured as Limited Partnerships. Group entities have a Limited Partnership interest (see note 1) and act as the general partners of these Limited Partnerships. The Group therefore has power to exert significant influence over these Limited Partnerships. The following amounts have been included in respect of these Limited Partnerships:

Income statement	**Audited six months ended 30 June 2017 £m**	Unaudited six months ended 30 June 2016 £m	Audited year ended 31 December 2016 £m
Revenue from services	**0.5**	0.5	0.9

Statement of financial position	**Audited 30 June 2017 £m**	Unaudited 30 June 2016 £m	Audited 31 December 2016 £m
Investment in limited partnerships	**3.0**	2.9	2.8
Amounts due from related parties	**0.5**	—	0.2

8. Related party transactions (continued)

b) Key management transactions

The following key management held shares in the following spin-out companies as at 30 June 2017:

Director/ Company Secretary	Company name	Number of shares held at 1 January 2017	Number of shares acquired/(disposed) in the period	Number of shares held at 30 June 2017	%
Alan Aubrey	Accelercomm Limited	333	—	**333**	0.3%
	Alesi Surgical Limited	18	—	18	0.2%
	Amaethon Limited — A Shares	104	—	**104**	3.1%
	Amaethon Limited — B Shares	11,966	—	**11,966**	1.0%
	Amaethon Limited — Ordinary shares	21	—	**21**	0.3%
	Avacta Group plc	202,761	—	**202,761**	0.3%
	Boxarr Limited	1,732	—	**1,732**	0.3%
	Capsant Neurotechnologies Limited	11,631	—	**11,631**	0.8%
	Cloud Sustainability Limited[i]	26	(26)	—	—
	Crysalin Limited	1,447	—	**1,447**	0.1%
	Diurnal Group plc	15,000	—	**15,000**	<0.1%
	EmDot Limited	15	—	**15**	0.9%
	Ditto AI Limited[i][II] — Ordinary Shares	21,557,957	—	**21,557,957**	5.9%
	Ditto AI Limited[ii] — B Shares	98,407,767	468,801	**98,876,568**	21.9%
	Getech Group plc	15,000	—	**15,000**	<0.1%
	Gunsynd plc	767,310	—	**767,310**	<0.1%
	hVivo plc	37,160	—	**37,160**	<0.1%
	Ilika plc	69,290	—	**69,290**	<0.1%
	Istesso Limited[iii]	1,185,150	—	**1,185,150**	1.7%
	Karus Therapeutics Limited	223	—	**223**	<0.1%
	Microbiotica Limited	3,750	—	**3,750**	<0.1%
	Mirriad Advertising Limited	33,333	—	**33,333**	<0.1%
	MDL 2016 Limited — Ordinary shares	3,226	—	**3,226**	0.4%
	MDL 2016 Limited — A shares	229	—	**229**	0.5%
	Modern Water plc	519,269	—	**519,269**	0.7%
	Cronin Group plc	2,172,809	—	**2,172,809**	0.4%
	Oxford Nanopore Technologies Limited	101,208	—	**101,208**	0.4%
	Perachem Holdings plc	108,350	—	**108,350**	0.8%
	Revolymer plc	88,890	—	**88,890**	0.1%
	Salunda Limited	53,639	—	**53,639**	<0.1%
	Structure Vision Limited	212	—	**212**	1.0%
	Surrey Nanosystems Limited	453	—	**453**	0.3%
	Tissue Regenix Group plc	2,389,259	—	**2,389,259**	0.3%
	Xeros Technology Group plc	40,166	—	**40,166**	<0.1%
	Zeetta Networks Limited	424	—	**424**	<0.1%
Mike Townend	Amaethon Limited — A Shares	104	—	**104**	3.1%
	Amaethon Limited — B Shares	11,966	—	**11,966**	1.0%
	Amaethon Limited — Ordinary shares	21	—	**21**	0.3%
	Applied Graphene Materials plc	7,619	—	**7,619**	<0.1%
	Avacta Group plc	20,001	—	**20,001**	<0.1%
	Capsant Neurotechnologies Limited	11,282	—	**11,282**	0.8%
	Cloud Sustainability Limited[i]	25	(25)	**—**	**—**
	Creavo Technologies Limited	117	—	**117**	<0.1%
	Crysalin Limited	1,286	—	**1,286**	0.1%
	Ditto AI Limited[i][II]	—	613,048	**613,048**	0.2%
	Diurnal Group plc	15,000	—	**15,000**	<0.1%
	EmDot Limited	14	—	**14**	0.8%
	Getech Group plc	20,000	—	**20,000**	<0.1%
	hVivo plc	37,160	—	**37,160**	<0.1%
	Ilika plc	10,000	—	**10,000**	<0.1%
	Istesso Limited[iii]	1,185,150	—	**1,185,150**	1.7%
	Mirriad Advertising Limited	25,000	—	**25,000**	<0.1%

Director/ Company Secretary	Company name	Number of shares held at 1 January 2017	Number of shares acquired/(disposed) in the period	Number of shares held at 30 June 2017	%
Mike Townend (continued)	Mode Diagnostics Limited	1,756	—	1,756	0.1%
	Modern Water plc	575,000	—	575,000	0.7%
	Cronin Group plc	932,944	—	932,944	0.2%
	Oxford Advanced Surfaces Limited	5,000	—	5,000	0.2%
	Oxford Nanopore Technologies Limited	30,967	—	30,967	0.1%
	Perachem Holdings plc	128,067	—	128,067	0.8%
	Revolymer plc	64,940	—	64,940	<0.1%
	Structure Vision Limited	212	—	212	1.0%
	Surrey Nanosystems Limited	404	—	404	0.2%
	Tissue Regenix Group plc	1,950,862	—	1,950,862	0.3%
	Ultrahaptics Holdings Ltd	3,500	1,189	4,689	<0.1%
	Xeros Technology Group plc	35,499	—	35,499	<0.1%
Greg Smith	Alesi Surgical Limited	2	—	2	<0.1%
	Avacta Group plc(v)	3,904	—	3,904	<0.1%
	Capsant Neurotechnologies Limited	896	—	896	<0.1%
	Cloud Sustainability Limited(i)	8	(8)	—	—
	Crysalin Limited	149	—	149	<0.1%
	Ditto AI Limited(i)(ii)	—	144,246	144,246	<0.1%
	Diurnal Group plc	15,000	—	15,000	<0.1%
	EmDot Limited	4	—	4	0.2%
	Encos Limited	5,671	—	5,671	0.3%
	Getech Group plc	8,000	—	8,000	<0.1%
	hVivo plc	61,340	—	61,340	<0.1%
	Istesso Limited(iii)	313,425	—	313,425	0.5%
	Mirriad Advertising Limited	16,667	—	16,667	<0.1%
	MDL 2016 Limited — Ordinary shares	361	—	361	<0.1%
	MDL 2016 Limited — A shares	28	—	28	<0.1%
	Modern Water plc	7,250	—	7,250	<0.1%
	Oxford Nanopore Technologies Limited	1,581	—	1,581	<0.1%
	Perachem Holdings plc	4,830	—	4,830	<0.1%
	Revolymer plc	4,500	—	4,500	<0.1%
	Summit Therapeutics plc	798	—	798	<0.1%
	Surrey Nanosystems Limited	88	—	88	<0.1%
	Tissue Regenix Group plc	50,000	—	50,000	<0.1%
	Xeros Technology Group plc	1,392	—	1,392	<0.1%
David Baynes	Alesi Surgical Limited	4	—	4	<0.1%
	Arkivum Limited	377	—	377	<0.1%
	Creavo Technologies Limited	46	—	46	<0.1%
	Diurnal Group plc	73,000	—	73,000	0.1%
	Mirriad Advertising Limited	16,667	—	16,667	<0.1%
	Oxford Nanopore Technologies Limited	174	—	174	<0.1%
	Ultrahaptics Holdings Ltd	2,600	—	2,600	<0.1%
	Zeetta Networks Limited	424	—	424	<0.1%
Angela Leach	Alesi Surgical Limited	2	—	2	<0.1%
	Avacta Group plc	1,897	—	1,897	<0.1%
	Boxarr Limited	102	—	102	<0.1%
	Capsant Neurotechnologies Limited	1,858	—	1,858	0.1%
	Cloud Sustainability Limited(i)	10	(10)	—	—
	Creavo Technologies Limited	23	—	23	<0.1%
	Cronin Group plc	68,101	—	68,101	<0.1%
	Ditto AI Limited(i)(ii)	—	180,308	180,308	<0.1%
	Diurnal Group plc	11,500	—	11,500	<0.1%
	Gunsynd plc	7,990	—	7,990	<0.1%
	First Light Fusion Limited	17	—	17	<0.1%
	Getech Group plc	2,083	—	2,083	<0.1%
	hVivo plc	25,903	—	25,903	<0.1%
	Istesso Limited(iii)	322,923	—	322,923	0.5%

Director/ Company Secretary	Company name	Number of shares held at 1 January 2017	Number of shares acquired/(disposed) in the period	Number of shares held at 30 June 2017	%
	Mirriad Advertising Limited	16,667	—	**16,667**	<0.1%
	MDL 2016 Limited — Ordinary Shares	606	—	**606**	<0.1%
	MDL 2016 Limited — A Shares	102	—	**102**	0.2%
	Modern Water plc	15,570	—	**15,570**	<0.1%
	Oxford Nanopore Technologies Limited	1,782	—	**1,782**	<0.1%
	Revolymer plc	4,500	—	**4,500**	<0.1%
	Structure Vision Limited	21	—	**21**	0.1%
	Surrey Nanosystems Limited	90	—	**90**	<0.1%
	Tissue Regenix Group plc	276,791	(73,334)	**203,457**	<0.1%
	Ultrahaptics Holdings Ltd	500	—	**500**	<0.1%
	Xeros Technology Group plc	5,666	(3,971)	**1,695**	<0.1%

(i) Cloud Sustainability Limited was purchased by Ditto AI Limited in June 2017. Existing shareholders in Cloud Sustainability Limited were issued new shares in Ditto AI in consideration for their shares.

(ii) Previously known as Empiricom Technology Limited

(iii) Shares in Modern Biosciences plc were exchanged for shares in Istesso Limited, a newly-formed holding company, during the period

c) Portfolio companies

The Group earns fees from the provision of business support services and corporate finance advisory to portfolio companies in which the Group has an equity stake. Through the lack of control over portfolio companies these fees are considered arm's length transactions. The following amounts have been included in respect of these fees:

Statement of comprehensive income	Audited six months ended 30 June 2017 £m	Unaudited six months ended 30 June 2016 £m	Audited Year ended 31 December 2016 £m
Revenue from services	1.0	0.4	1.6

Statement of financial position	Audited 30 June 2017 £m	Unaudited 30 June 2016 £m	Audited 31 December 2016 £m
Trade receivables	0.5	1.3	0.7

d) Subsidiary companies

Subsidiary companies that are not 100% owned either directly or indirectly by the parent company have intercompany balances with other Group companies totalling as follows:

	Audited 30 June 2017 £m	Unaudited 30 June 2016 £m	Audited 31 December 2016 £m
Intercompany balances with other Group companies	10.7	10.5	10.7

These intercompany balances represent funding loans provided by Group companies that are interest free, repayable on demand and unsecured.

General information

The comparative financial information presented herein for the year ended 31 December 2016 does not constitute full statutory accounts within the meaning of the Companies Act 2006. The Group's Annual Report and Accounts for the year ended 31 December 2016 have been delivered to the Registrar of Companies. The Group's independent auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

Accounting policies

Basis of preparation

The financial information presented in these half-yearly results constitutes the condensed consolidated financial statements of IP Group plc, a company incorporated in Great Britain and registered in England and Wales, and its subsidiaries (together, the "Group") for the six months ended 30 June 2017.

The condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted for use in the EU ("IFRS"). The financial information in these half-yearly results, which were approved by the Board and authorised for issue on 17 July 2017, is unaudited but has been subject to a review by the Group's independent auditor.

Accounting estimates and judgements

The preparation of the half-yearly results requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, such as expectations of future events, and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. In preparing these half-yearly results, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements for the year ended 31 December 2016.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated half-year financial statements.

Accounting policies

The accounting policies applied by the Group in these half-yearly results are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 December 2016 and which will form the basis of the 2016 Annual Report and Accounts. No new standards that have become effective in the period have had a material effect on the Group's financial statements.

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge that:

a. the half-yearly results have been prepared in accordance with IAS 34 as adopted by the European Union; and

b. the interim management report includes a fair review of the information required by the FCA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R).

The Directors of IP Group plc and their functions are listed below.

By order of the Board

Mike Humphrey
Chairman
17 July 2017

Alan Aubrey
Chief Executive Officer

Independent auditor's report to IP Group plc

Opinion

We have audited the condensed set of financial statements in the half-yearly report of IP Group plc ("the Company") for the six months ended 30 June 2017 which comprise the condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and the related explanatory notes.

In our opinion the condensed set of financial statements in the half-yearly report of the Company for the six months ended 30 June 2017 have been properly prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA") and the accounting policies disclosed in the 31 December 2016 financial statements, which are the accounting policies expected to be applied in preparing the 31 December 2017 financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), and the terms of our engagement letter dated 12 July 2017. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 30 July 2014. The period of total uninterrupted engagement is the 3 years ended 31 December 2016. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

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 non-statutory accounts. We have nothing to report in these respects.

Other information

The directors are responsible for the other information contained in the half-yearly financial report. Our opinion on the condensed set of financial statements in the half-yearly report of the Company does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our audit work on the condensed set of financial statements, the information therein is materially misstated or inconsistent with the condensed set of financial statements in the half-yearly report of the Company or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Directors' responsibilities

As explained more fully in their statement set out on page 29, the directors are responsible for: the preparation of the half yearly financial report in accordance with the DTR of the UK FCA. As disclosed in the accounting policies note, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU and the accounting policies disclosed in the 31 December 2016 financial statements, which are the accounting policies expected to be applied in preparing the 31 December 2017 financial statements. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

The directors are also responsible for: determining that the basis of preparation is acceptable in the circumstances; such internal control as they determine is necessary to enable the preparation of a condensed set of financial statements that is free from material misstatement, whether due to fraud or error; assessing the Company'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 company 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 condensed set of financial statements in the half-yearly report of the Company as a whole is free from material misstatement, whether due to fraud, other irregularities 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, other irregularities 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 condensed set of financial statements in the half-yearly report of the Company. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

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

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

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our audit has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our audit work, for this report, or for the conclusions we have reached.

Jonathan Mills

for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL
17 July 2017