FOR RELEASE ON **9 August 2016**

("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 2016.

HALF YEAR HIGHLIGHTS

Financial and operational update

- Net assets excluding intangibles of £683.5m (HY15: £700.6m; FY15: £714.3m)
- Adjusted loss before tax of £31.1m (HY15: profit of £70.1m; FY15: profit of £82.4m), excluding amortisation of intangible assets
- Portfolio realisations: £14.5m (HY15: £0.4m; FY15: £0.6m)
- Net cash and deposits at 30 June 2016: £174.7m (HY15: £219.6m; FY15: £178.8m).

Portfolio update

- Fair value of portfolio: £525.7m (HY15: £478.2m; FY15: £552.2m)
- Capital provided to portfolio companies and projects: £12.8m (HY15: £15.1m; FY15: £75.9m)
- Group's portfolio companies raised approximately £38m of new capital during the half year
- Oxford Nanopore Technologies Limited announces significant technical and commercial progress, including the launch of a number of new products and services, and delivers its first PromethION instrument

Post-period end update

- Diurnal reports positive headline data from European Infacort® Phase III pivotal study.

Commenting on the Group's half-yearly results, Alan Aubrey, Chief Executive Officer of IP Group, said: *"It is pleasing to report that a number of our portfolio companies have made excellent commercial progress during the period across all four of our sectors – Healthcare, Technology, Cleantech and Biotech – although broader economic conditions have had an impact on the value of some of our AIM-quoted holdings. The Group's US business continues to develop, with the Group having signed agreements with the University of Washington and The Johns Hopkins University to explore opportunities to commercialise the universities' intellectual property.*

It is clear that the UK is facing a period of uncertainty following the EU referendum and ahead of the conclusion of subsequent negotiations. While in the shorter term there may be some impact on specific portfolio company financing rounds, the Board believes that the fundamentals of the business are strong and that the case for the commercialisation of science remains compelling. IP Group has partnerships with 14 of the UK's and 5 of the US's leading research universities, a portfolio worth £525.7m, a strong cash balance of £174.7m, an experienced management team and a healthy pipeline of new opportunities. This leaves the Group well positioned to respond effectively to, and capitalise on, opportunities in the second half of the year."

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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

IP Group's aim is to evolve great ideas into world-changing businesses to provide attractive returns over the long term for all of our stakeholders. While market conditions have had an impact on the value of some of our AIM-quoted holdings, it is pleasing to report that the commercial performance of many of our portfolio companies has been outstanding in the period.

Further, total realisations in the first half of the year were £14.5m (HY15: £0.4m; FY15: £0.6m). The most significant contribution came from the sale of the Group's holding in Tracsis plc, which generated £13.1m of cash proceeds. Including dividends, the Group's total proceeds from Tracsis were £14.3m, representing a multiple of approximately 38 times the Group's total cost of £0.4m.

At 30 June 2016, the fair value of the Group's portfolio was £525.7m (HY15: £478.2m; FY15: £552.2m). This reflects a net fair value decrease of £24.5m during the period largely as a result of a reduction in the value of the Group's holdings in three AIM-listed portfolio companies – Avacta Group plc (£7.1m), Xeros Technology Group plc (£7.1m) and hVIVO plc (£4.4m). These were partly offset by positive contributions from other companies in the portfolio including, notably, Ceres Power Holdings plc (£4.2m).

In the first six months of the year, the Group provided incubation, seed and further capital totalling £12.8m to 29 distinct portfolio companies and opportunities (HY15: £15.1m, 31 opportunities; FY15: £75.9m, 53 opportunities) and had gross cash and deposits of £174.7m (HY15: £219.6m; FY15: £178.8m).

The Group's portfolio now comprises holdings in 83 companies in addition to strategic stakes in three multi-sector platform businesses and 16 *de minimis* holdings (HY15: 77, 3, 17; FY15: 82, 3, 15).

The first half of the year has been characterised by major commercial developments in our key assets with strong progress across all four of our sectors – Healthcare, Technology, Cleantech and Biotech. Notable highlights are as follows:

In Healthcare, Oxford Nanopore Technologies Limited hosted its flagship 'London Calling' conference in May and made a number of key announcements including announcing a new pipeline product, SmidgION, the smallest ever sequencing device that can be plugged into a smartphone and is expected in 2017, project Zumbador, a project to create a disposable device that includes both sample prep and library prep and noting that VolTRAX, the automated, programmable library prep device, will go into early access in the second half of the year. Oxford Nanopore also introduced a new nanopore, R9, into all its products which is superior to the now obsolete R7 nanopore and announced it had delivered its first PromethION instrument to a customer.

hVIVO plc announced favourable results from PrEP Biopharm's PrEP-001 Phase IIa influenza disease prevention study. PrEP Biopharm is a UK biotech company for respiratory infectious disease products in which hVIVO acquired a significant equity stake in November 2015.

In Technology, the division's most valuable company holding, Actual Experience plc, announced a five-year framework agreement with Vodafone, adding to the contract wins announced during 2015 which included a major three-year partnership with Verizon. Mirriad Advertising Limited, which has developed an innovative, patented computer vision technology that can retrospectively insert advertising and branded products into existing video content, announced that its most recent $15m financing round, led by IP Group had included participation from Unilever Ventures, the venture capital and private equity arm of Unilever, one of the world's largest spenders on advertising.

In Cleantech, Ceres Power Holdings plc had an exceptional start to the year announcing a two-year joint development agreement with Honda for power equipment applications in January. This was followed in June by the announcement of a project with Nissan aimed at developing a compact, on-board solid oxide fuel cell stack for range extension of electric vehicles. These new programmes in power equipment and automotive complement its existing work on prime power and domestic combined heat and power with Cummins and KD Navien respectively. The Nissan development is particularly encouraging, as it will be the first significant work for the company in automotive applications.

In Biotech, our drug discovery subsidiary, Modern Biosciences plc, continued to make good progress in its development of MBS2320, a novel agent for the treatment of rheumatoid arthritis. MBS2320 is partnered with Janssen Biotech Inc. and is currently in Phase 1 clinical studies. Elsewhere, in July the division's most valuable holding, Diurnal Group plc, announced positive headline data from its European Phase 3 study for Infacort® in the treatment of paediatric Adrenal Insufficiency (AI), several months ahead of schedule. Since floating on AIM in December 2015, Diurnal has continued to hit all developmental milestones, with the European Phase 3 study for its largest potential product, Chronocort, initiated in January.

More detail on the performance of the sectors is contained in the portfolio review below.

US

During the period, the Group continued to deepen its foundational partnerships with the University of Pennsylvania (two new opportunities), Princeton University (one new opportunity) and Columbia University (one new opportunity). Two recent opportunities from this group of partners, Uniformity Labs, Inc. (Princeton University) and Lumiode, Inc. (Columbia University) were presented at the Group's recent capital markets day in London. In addition, the Group signed agreements with the University of Washington and The Johns Hopkins University. Both universities have consistently ranked in the top ten of all US universities with regards to the quantum of their annual R&D budgets (2016: $2.1bn and $1.1bn respectively) and are known for the quality and breadth of their technical output.

Outlook

While it is clear that the UK and its economy are facing a period of uncertainty following the outcome of the UK's referendum on its membership of the EU, which may impact on specific funding rounds for companies, it is important to stress that IP Group is seeing excellent progress across the portfolio, has a strong balance sheet and operations in both the UK and the US.

IP Group was founded on the belief that modern economies need to support innovation in science and technology and to commercially leverage such innovation, and we believe that this remains the case. Further, the Board believes that the fundamentals of our business are strong and that the need for the commercialisation of science remains key.

IP Group has partnerships with 14 of the UK's and 5 of the US's leading research universities, a portfolio valued at £525.7m, gross cash and deposits of £174.7m, an experienced management team and a healthy pipeline of new opportunities. This leaves the Group well positioned to respond effectively to, and capitalise on, opportunities in the second half of the year.

Portfolio review

Overview

During the six months ended 30 June 2016, the value of the Group's portfolio decreased to £525.7m (HY15: £478.2m; FY15: £552.2m), reflecting a net unrealised fair value loss of £24.5m, excluding the investments and realisations set out below. The portfolio consists of interests in 83 companies, strategic stakes in three multi-sector platform businesses as well as a further 16 *de minimis* holdings (HY15: 77, 3, 17; FY15: 82,3,15). During the period, the Group provided capital to portfolio companies totalling £12.8m (HY15: £15.1m; FY15: £75.9m) and made total cash realisations of £14.5m (HY15: £0.4m; FY15: £0.6m).

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

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m	Year ended 31 December 2015 £m
Unrealised increases in fair value of equity and debt investments	**6.8**	84.2	115.3
Unrealised decreases in fair value of equity and debt investments	**(31.5)**	(10.5)	(29.0)
Net unrealised fair value (losses)/gains	**(24.7)**	73.7	86.3
Effects of movement in exchange rates	**0.2**	—	0.1
Loss on disposals of equity investments	**(0.4)**	(0.1)	(0.2)
Change in fair value of limited and limited liability partnership interests	**(0.2)**	0.9	0.4
Total	**(25.1)**	74.5	86.6

Unrealised decreases in the fair value of equity and debt investments principally arose from the decreases in the share prices of Avacta Group plc (£7.1m), Xeros Technology Group plc (£7.1m), and hVivo plc (£4.4m). Further unrealised fair value decreases arose from the decreases in the share prices of Cronin Group (£1.9m), and Revolymer (£1.7m). These unrealised losses were partially offset by increases in the share prices of Ceres Power Holdings plc and Tissue Regenix Group plc, which increased the fair value of the Group's holdings by £4.2m and £1.0m respectively.

Investments and realisations

During the first half of 2016, the Group deployed £12.8m of capital into 29 portfolio companies and projects (HY15: £15.1m, 31; FY15: £75.9m, 53). The Group provided initial seed or incubation capital to eight opportunities (HY15: six; FY15: 13). The Group exited its interest in four companies (HY15: two; FY15: three) and realised total cash proceeds during the period of £14.5m (HY15: £0.4m; FY15: £0.6m). The majority of these proceeds arose from the disposal of Group's holding in Tracsis plc, for which the Group received net cash proceeds of £13.1m from the sale, bringing total proceeds to date, including dividends, to £14.3m. This represented an Internal Rate of Return of approximately 58% and a multiple of approximately 38 times the Group's investment of £0.4m.

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 2016				As at 31 December 2015			
	Fair value		**Number**		Fair Value		Number	
Sector	**£m**	**%**		**%**	£m	%		%
Healthcare	**274.0**	**57%**	**26**	**31%**	277.6	55%	27	33%
Technology	**79.7**	**17%**	**28**	**34%**	91.6	18%	27	33%
Cleantech	**65.7**	**13%**	**19**	**23%**	69.0	14%	19	23%
Biotech	**61.7**	**13%**	**10**	**12%**	68.4	13%	9	11%
Total	**481.1**[1]	**100%**	**83**	**100%**	506.6[1]	100%	82	100%
Multi-sector platforms	**44.2**	—	**3**	—	45.2	—	3	—
De minimis holdings	**0.4**	—	**16**	—	0.4	—	15	—
	525.7	—	**102**	—	552.2	—	100	—

[1] Total fair value includes £8.7m (FY15: £8.5m) 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 2016**[(i)] **%**	Fair value of Group holding at 31 December 2015 £m	Six months to 30 June 2016: Net investment/ (divestment) £m	Six months to 30 June 2016: Fair value movement £m	**Fair value of Group holding at 30 June 2016 £m**
Oxford Nanopore Technologies Limited	Single-molecule detection. 1st application in 3rd generation DNA sequencing ("$1000 genome")	Unquoted	**19.6%**	193.0	—	—	**193.0**
hVIVO plc	Viral challenge and "virometrics" specialist ("conquering viral disease")	Quoted	**16.7%**	29.0	—	(4.4)	**24.6**
Tissue Regenix Group plc	Regenerative dCELL® soft tissue body parts	Quoted	**13.6%**	15.5	—	1.0	**16.5**
Quantum Imaging Limited	Quantum cardiac imaging technology	Unquoted	**47.4%**	6.5	—	—	**6.5**
Alesi Surgical Limited	Medical devices to improve the safety and efficiency of laparoscopic surgery	Unquoted	**58.8%**	6.5	—	—	**6.5**
Genomics plc	Platform for analysis and interpretation of genomic sequence data	Unquoted	**18.7%**	4.8	—	—	**4.8**
Medaphor Group plc	Ultrasound simulation, education and training	Quoted	**37.2%**	4.2	0.8	(0.8)	**4.2**
Other companies (19 companies)				13.2	0.9	(1.0)	**13.1**
Value not attributable to equity holders				4.9	0.4	(0.5)	**4.8**
Total				277.6	2.1	(5.7)	**274.0**

(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 first half of 2016 saw a series of exciting announcements and material news from the IP Healthcare portfolio. Oxford Nanopore Technologies Limited hosted its flagship 'London Calling' conference in May where speakers convened to discuss research carried out using nanopore sequencing technology. Arguably, the highlight was the announcement of the new pipeline product SmidgION, the smallest ever sequencing device which can be plugged into a smartphone and is expected in 2017. Other headlines included the delivery of the first PromethION instrument to a customer, the introduction of a superior nanopore, R9, into all its products which provides performance enhancements to the now obsolete R7 nanopore and a building body of evidence around the utility of the MinION portable DNA sequencer. During the period, Oxford Nanopore also responded robustly to a patent lawsuit filed against them by Illumina, Inc., strongly asserting that it did not anticipate any disruption to ongoing commercial progress as a result of Illumina's action, which it stated was without merit. Since the period end, public court filings appear to confirm that the parties have entered into a settlement agreement.

Moving onto quoted companies, hVIVO plc announced favourable results from PrEP Biopharm's PrEP-001 Phase IIa influenza disease prevention study. PrEP Biopharm is a UK biotech company for respiratory infectious disease products in which hVIVO acquired a significant equity stake in November 2015. hVIVO also announced a joint venture investment with the SEEK Group to develop clinical phase vaccines against flu and Zika infections. Despite this, the fair value of the Group's holding reduced by £4.4m.

Two other quoted companies, Tissue Regenix Group plc and Medaphor Group plc, demonstrated commercial traction in the US. Tissue Regenix confirmed sales of $1.2m in 2016 for its DermaPure wound-care product, that it had been granted clearance by the FDA for its hernia implant and that it completed clinical trial enrolment for its porcine meniscus product. Meanwhile, Medaphor entered into a deal with the American Board of Obstetrics and Gynaecology to use its ScanTrainer platform within its certification exams; a de facto kite mark for the technology. Medaphor went on to complete a £3.2m placing during the period, that will allow it to develop its US-based direct sales team and fund the continued growth of the existing business. The immediate gloss was taken off these announcements when a competitor alleged patent infringement in the US, a claim vigorously denied by Medaphor.

The most significant private company transaction was the follow-on £2.5m equity financing of Oxford University digital healthcare spin-out Oxehealth Limited which followed news of a global technology partnership with Hanwha Techwin for health monitoring cameras.

Genomics plc, which has a unique platform for genomic data analysis and interpretation, further demonstrated commercial progress through deals with Vertex and DNAnexus, while Ubiquigent Limited announced a partnership with Horizon Discovery in the Ubiquitin space, an emerging biological pathway for disease intervention which has generated a lot of attention following the significant funding of Mission Therapeutics in February 2016.

We remain confident that there will be a continued need for healthcare technology to allow increased access to care and to respond to cost reduction pressure. Growing populations and consumer wealth are increasing demand for healthcare services but ageing societies and chronic diseases are forcing healthcare payers to make difficult decisions on benefit levels. We believe some historic business models and approaches will no longer suffice and so continue to focus on major trends that could impact stakeholders along the global healthcare value chain as we assess which portfolio companies to form and support.

Technology

Company name	Description	Quoted/ Unquoted	Group stake at 30 June 2016[i] %	Fair value of Group holding at 31 December 2015 £m	Six months to 30 June 2016 Net investment/ (divestment) £m	Six months to 30 June 2016 Fair value movement £m	**Fair value of Group holding at 30 June 2016 £m**
Actual Experience plc	Optimising the human experience of networked applications	Quoted	**25.0%**	23.8	—	0.5	**24.3**
Tracsis plc	Resource optimisation software for the transport industry	Quoted	—	14.6	(14.6)	—	—
Ultrahaptics Limited	Contactless haptic technology “feeling without touching”	Unquoted	**33.3%**	7.9	—	—	**7.9**
Applied Graphene Materials plc	Producer of speciality graphene materials	Quoted	**21.0%**	6.0	2.0	(1.3)	**6.7**
Mirriad Advertising Limited	Native in-video advertising allowing post-production ad placement	Unquoted	**40.0%**	4.5	—	—	**4.5**
Perpetuum Limited	Micro-Electrical-Mechanical systems to generate power from vibrational energy	Unquoted	**29.3%**	3.4	0.7	—	**4.1**
Other companies (23 companies)				29.0	3.7	(2.9)	**29.8**
Value not attributable to equity holders				2.4	—	—	**2.4**
Total				91.6	(8.2)	(3.7)	**79.7**

(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 sale of the Group’s stake in Tracsis plc yielded net cash proceeds of £13.1m, bringing total proceeds to date, including dividends, to £14.3m, a multiple of approximately 38 times the Group’s investment. IP Group was instrumental in establishing Tracsis as a business from its origins in the University of Leeds and supported the company throughout its early stages of growth. We are sad to end our involvement with Tracsis but proud of all that has been achieved in building a profitable company that we believe will continue to generate value for shareholders.

Elsewhere in the portfolio, March saw the announcement of more promising news from the division’s most valuable asset, Actual Experience plc, in the form of a five-year framework agreement with Vodafone, adding to the contract wins announced during 2015 which included a major three-year partnership with Verizon. Whilst it takes time to gather momentum with multinational organisations, the agreements announced so far represent major milestones and we believe that they have the potential to yield significant financial benefit in the medium term.

The first half of the year also brought news of further commercial developments at Mirriad Advertising Limited, an exciting company with an innovative, patented computer vision technology that can retrospectively insert advertising and branded products into existing video content. An expansion of the company’s partnership with Havas Media Group and an implementation with Vice Media complemented similar progress elsewhere, including a blossoming partnership with YouKu in China. In February, the company announced that its most recent funding round, led by the Group, had included the participation of Unilever Ventures, the venture capital and private equity arm of Unilever. Unilever is one of the world’s largest spenders on advertising and so we see their investment as a significant endorsement of the Mirriad value proposition.

Positive developments continue apace at remote haptic feedback pioneer Ultrahaptics Limited. The University of Bristol spin-out is increasingly being seen as one of the UK's most promising early-stage technology start-ups. Revenue is growing as customers pay for technology customisation work and we are optimistic that early royalty revenue will follow by 2017.

The end of the half-year period brought news that speciality chemicals business Revolymer plc had agreed to acquire US company Itaconix Corporation, in parallel with a £4m placing and a potential transfer of its nicotine gum business. We view all three announcements as positive developments for the business.

Cleantech

				Six months to 30 June 2016			
Company name	**Description**	Quoted/ Unquoted	**Group stake at 30 June 2016[i] %**	Fair value of Group holding at 31 December 2015 £m	Net investment/ (divestment) £m	Fair value movement £m	**Fair value of Group holding at 30 June 2016 £m**
Ceres Power Holdings plc	Ceramic fuel cell technology for distributed generation	Quoted	**23.4%**	12.2	—	4.2	**16.4**
Xeros Technology Group plc	Polymer bead cleaning systems	Quoted	**11.5%**	23.4	—	(7.1)	**16.3**
First Light Fusion Limited	New methodology for achieving extreme intensity cavity collapse	Unquoted	**34.9%**	13.9	—	—	**13.9**
Other companies (16 companies)				18.2	2.1	(2.7)	**17.6**
Value not attributable to equity holders				1.3	0.2	—	**1.5**
Total				69.0	2.3	(5.6)	**65.7**

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

There have been a number of highly encouraging commercial developments in the Cleantech division's companies. Ceres Power Holdings plc announced a two-year joint development agreement with Honda R & D Co Limited ("Honda") to jointly develop Solid Oxide Fuel Cell stacks using its unique metal supported Steel Cell technology for a range of potential power equipment applications. This represents a deepening of the relationship between Honda and Ceres Power and is a huge endorsement of its technology. Further, Ceres announced it had finalised all agreements to begin its new relationship with Nissan Motor Manufacturing (UK) Limited ("Nissan") and M-Solv, as part of the funding arrangement from Innovate UK and The Office for Low Emission Vehicles. The consortium's aim is to develop a compact, on-board solid oxide fuel cell stack for range extension of electric vehicles. These new programmes in power equipment and automotive complement the company's existing work on prime power and domestic combined heat and power with Cummins and KD Navien respectively.

Xeros Technology Group plc also made significant commercial progress. The company is accelerating the roll-out of its commercial washing machines with the total fleet numbering 200 at end of February 2016. The company's proprietary technology platform, from the University of Leeds, has a number of potential applications including leather processing, currently a very water-intensive process using toxic chemicals. Full-scale leather processing trials have taken place in a European leather tannery, as part of Xeros' joint development agreement with LANXESS. Having raised £40m in December 2015, the company is well capitalised to capture these opportunities and additional applications are currently being investigated.

The most valuable company in the private portfolio, Oxford spin-out First Light Fusion Limited, has continued its impressive scientific process following the £23m fund raise last year. The company has moved to new facilities and significantly strengthened its numerical and experimental science teams, drawing in world-class talent from the Rutherford Appleton laboratory, Imperial College and Formula 1. The company has launched a collaboration programme with leading inertial confinement fusion scientists around the UK and has brought Nobel Prize winner and former US Secretary of Energy Professor Steven Chu onto its advisory board.

Elsewhere in the private portfolio, Azuri Technologies Limited, which markets home solar energy systems in Africa, is making excellent commercial progress. The company has now sold over 70,000 units principally in Kenya, Tanzania, Ethiopia and Ghana. Its off-grid customers are able to finance modern solar and storage technology for lighting, phone-charging and radio through weekly payments, saving money and displacing polluting current solutions like kerosene.

The outlook for the Cleantech sector remains very positive. IP Cleantech companies are developing products for global markets and have seen significant commercial traction in the US and Asia, which are currently seeing the greatest levels of investment in alternative energy.

Biotech

Company name	Description	Quoted/ Unquoted	**Group stake at 30 June 2016[i] %**	Fair value of Group holding at 31 December 2015 £m	Six months to 30 June 2016 Net investment/ (divestment) £m	Six months to 30 June 2016 Fair value movement £m	**Fair value of Group holding at 30 June 2016 £m**
Diurnal Group plc	Novel treatments of hormone deficiency	Quoted	**45.0%**	39.6	—	(1.4)	**38.2**
Avacta Group plc	Bio-therapeutic affimer technology	Quoted	**23.1%**	21.1	—	(7.1)	**14.0**
Other companies[ii] (8 companies)				7.7	1.8	—	**9.5**
Value not attributable to equity holders				—	—	—	**—**
Total				68.4	1.8	(8.5)	**61.7**

(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) Simm Investments Limited has been reclassified from Multi-sector platforms to Biotech; 2015 comparatives have been restated.

The Biotech division supports the discovery and development of breakthrough therapeutics via the in-house development of proprietary programmes and the financing and support of portfolio companies. Diurnal Group plc, is an example of the latter, with two products in Phase 3 trials. Since floating on AIM in December 2015, Diurnal has continued to hit all developmental milestones, with the European Phase 3 study for its largest potential product, Chronocort®, initiated in January. In early July, Diurnal announced positive headline data from its European Phase III study for Infacort® in the treatment of paediatric Adrenal Insufficiency (AI), several months ahead of schedule.

A spin-out company from the University of Sheffield, Diurnal reported that initial analysis of the results confirms the trial met its primary endpoint, demonstrating a statistically significant ($p<0.0001$) increase in cortisol values following administration of Infacort® compared to the pre-dose values. No serious adverse events were reported.

Elsewhere, Avacta Group plc, the division's other listed asset, has met significant commercial and developmental milestones in its transition from services business to therapeutics development, with the appointment of Philippe Cotrel, previously of Affymetrix and Abcam, as Chief Commercial Officer, and continued demonstration of the speed and robustness of the Affimer platform in generating potential drug leads. Despite this, share price weakness led to a £7.1m reduction in the fair value of the Group's shareholding.

Lastly, Glythera Limited's body of data demonstrating the advantages of its PermaLink technology in the field of antibody-drug conjugates (ADCs) and oncology is growing rapidly. In July, Avacta and Glythera announced a collaboration to develop a novel, potentially highly potent drug class using a combination of Avacta's Affimers and Glythera's PermaLink conjugation chemistry. The Group's 32.2% holding in Glythera is valued at £2.3m at 30 June 2016.

As an example of in-house drug discovery, the Group's subsidiary Modern Biosciences plc ("MBS") continues to make good progress in its development of MBS2320, a novel agent for the treatment of rheumatoid arthritis. MBS2320 is partnered with Janssen Biotech Inc. and is currently in Phase 1 clinical studies. IP Group holds an undiluted beneficial interest of 61.1% in Modern Biosciences and, as a result, its income and expenses are consolidated into those of the Group.

Similarly, Asterion Limited, the Group's second majority-controlled drug discovery asset, is moving its recombinant growth-hormone fusion for the treatment of acromegaly-related growth disorder towards clinical trials, supported by a £2.4m Medical Research Council grant.

During the course of the second half of the year, the Biotech division will seek several new exciting single-asset discovery programmes and spin-out companies addressing significant unmet medical needs.

Portfolio analysis – by investment stage

At 30 June 2016, the Group's portfolio fair value of £525.7m comprises holdings in businesses that are distributed across stages of maturity as follows:

	As at 30 June 2016				As at 31 December 2015			
	Fair value		**Number**		Fair Value		Number	
Stage	**£m**	**%**		**%**	£m	%		%
Focus	**411.8**	**85%**	**18**	**22%**	435.8	86%	18	22%
Development	**50.8**	**11%**	**31**	**37%**	57.6	11%	34	41%
Early-stage	**18.5**	**4%**	**34**	**41%**	13.2	3%	30	37%
Total	**481.1[1]**	**100%**	**83**	**100%**	506.6[1]	100%	82	100%
Multi-sector platforms	**44.2**	—	**3**	—	45.2	—	3	—
De minimis holdings	**0.4**	—	**16**	—	0.4	—	15	—
	525.7	—	**102**	—	552.2	—	100	—

[1] Total fair value includes £8.7m (FY15: £8.5m) not 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 2016 £m**	Six months ended 30 June 2015 £m	Year ended 31 December 2015 £m
Focus	**3.7**	7.4	60.0
Development	**4.1**	4.3	10.7
Early Stage	**5.0**	3.4	5.2
Total	**12.8**	15.1	75.9
Multi-sector platforms	—	40.0	40.0
Total purchase of equity and debt investments	**12.8**	55.1	115.9
Cash proceeds from sales of equity investments	**14.5**	0.4	0.6

Financial and operational review

Consolidated statement of comprehensive income

Overall, the Group recorded a loss for the period of £33.9m (HY15: £66.4m profit; FY15: £75.1m profit) and a negative return on Hard NAV, i.e. the Group's net assets excluding goodwill and intangible assets, of £31.1m (HY15: £70.1m positive; FY15: £82.4m positive).

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

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m	Year ended 31 December 2015 £m
Net portfolio (losses)/gains	**(25.1)**	74.5	86.6
Licensing income	**0.1**	3.1	8.1
Other income	**0.9**	1.3	3.6
Amortisation of intangible assets (1)	**(2.8)**	(3.7)	(7.3)
Administrative expenses – Modern Biosciences	**(0.7)**	(1.8)	(2.5)
Administrative expenses – other consolidated portfolio companies	**(0.4)**	(0.1)	(0.3)
Administrative expenses – performance-based staff incentives and share-based payments charge	**(0.4)**	(2.0)	(3.4)
Administrative expenses – central operations	**(5.9)**	(5.5)	(11.0)
Net finance income	**0.4**	0.6	1.3
(Loss)/profit for the period	**(33.9)**	66.4	75.1

(1) 2015 comparatives include the change in fair value of the Group's Oxford Equity Rights contract, which has now expired.

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 £0.9m; a decrease on the previous half year (HY15: £1.3m; FY15: £3.6m) largely due to the end of the investment period for North East Technology Fund ("NETF") in December 2015, resulting in a lower management fee being charged in the current period. 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. Fund management fees are received from the Group's three managed funds, two of which, IP Venture Fund ("IPVF") and 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 none were scheduled or paid during the period.

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 £5.9m during the period (HY15: £5.5m; FY15: £11.0m), primarily as a result of an increase in staffing costs as we continue to develop our teams in the US and UK.

Administrative expenses resulting from performance-based staff incentives and share-based payment charges decreased significantly to £0.4m during the period (HY15: £2.0m; FY15 £3.4m), primarily as the Group's return on Hard NAV during the period is below the minimum threshold for any payments to be made (or accrued) under the Group's Annual Incentive Scheme.

Consolidated statement of financial position

Net assets in the period decreased to £748.5m (HY15: £771.8m; FY15: £781.9m) largely as a result of the £24.5m net fair value decrease in the Group's holdings in portfolio companies, the Group's operating expenses, and the amortisation of intangible assets in the period.

The Group's diversified portfolio of holdings in private and publicly listed companies is valued at £525.7m (HY15: £478.2m; FY15: £552.2m). "Hard" net assets, i.e. total net assets less intangibles (and the Oxford Equity Rights asset in 2015), totalled £683.5m at 30 June 2016 (HY15: £700.6m; FY15: £714.3m).

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 2016 £m	Six months ended 30 June 2015 £m	Year ended 31 December 2015 £m
Net Cash used in operating activities	**(5.8)**	(2.4)	2.3
Net Cash used in investing activities	**1.6**	(54.1)	(114.6)
Net Cash from financing activities	—	178.8	193.7
Effect of foreign exchange rate changes	**0.1**	—	0.1
Movement during period	**(4.1)**	**122.3**	**81.5**

At 30 June 2016, the Group's Cash totalled £174.7m, a decrease of £4.1m from a total of £178.8m at 31 December 2015, reflecting a net inflow from the Group's investing activities as disposal proceeds were higher than capital invested in the period.

Cash used in operations has increased from the comparable period in 2015, largely due to the receipt in early 2015 of the initial £3.0m payment under MBS's agreement with Janssen Biotech which had been recognised in debtors as at 31 December 2014.

As described in the Portfolio review, the Group saw cash realisations of £14.5m (HY15: £0.4m; FY15: £0.6m) and distributions from investments in limited partnerships of £nil (HY15: £0.6m; FY15: £0.6m) offset by the provision of £12.8m of capital to new and existing portfolio companies (HY15: £55.1m; FY15: £115.9m).

Taxation

Since the Group's activities are predominantly trading in nature, the Directors continue to believe that the Group qualifies for the Substantial Shareholdings Exemption on chargeable gains arising on the disposal of qualifying holdings 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 in portfolio businesses that meet the qualifying criteria.

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 2015 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 2016

	Note	**Unaudited six months ended 30 June 2016 £m**	Unaudited six months ended 30 June 2015 £m	Audited year ended 31 December 2015 £m
Portfolio return and revenue				
Change in fair value of equity and debt investments		**(24.5)**	73.7	86.4
Loss on disposal of equity investments		**(0.4)**	(0.1)	(0.2)
Change in fair value of limited and limited liability partnership interests		**(0.2)**	0.9	0.4
Other portfolio income		—	—	0.2
Licensing income		**0.1**	3.1	8.1
Revenue from services and other income		**0.9**	1.3	3.4
		(24.1)	78.9	98.3
Administrative expenses				
Research and development		**(0.4)**	(1.4)	(2.0)
Share-based payment charge		**(0.4)**	(0.4)	(1.5)
Change in fair value of Oxford Equity Rights asset		—	(0.7)	(1.3)
Amortisation of intangible assets	5	**(2.8)**	(3.0)	(6.0)
Other administrative expenses		**(6.6)**	(7.6)	(13.7)
		(10.2)	(13.1)	(24.5)
Operating profit		**(34.3)**	65.8	73.8
Net finance income		**0.4**	0.6	1.3
Profit before taxation		**(33.9)**	66.4	75.1
Taxation		**—**	—	—
(Loss)/profit for the period		**(33.9)**	66.4	75.1
Other comprehensive income				
Exchange differences on translating foreign operations		**0.1**	—	0.1
Total comprehensive income for the period		**(33.8)**	66.4	75.2
Attributable to:				
Equity holders of the parent		**(33.4)**	66.7	73.9
Non-controlling interest		**(0.4)**	(0.3)	1.3
		(33.8)	66.4	75.2
Earnings per share				
Basic (p)	2	**(5.92)**	12.92	13.66
Diluted (p)	2	**(5.92)**	12.89	13.63

Condensed consolidated statement of financial position

As at 30 June 2016

	Note	**Unaudited 30 June 2016 £m**	Unaudited 30 June 2015 £m	Audited 31 December 2015 £m
ASSETS				
Non-current assets				
Intangible assets:				
Goodwill	6	**57.1**	57.1	57.1
Acquired intangible asset	5	**7.9**	13.5	10.5
Property, plant and equipment		**0.2**	0.2	0.2
Oxford Equity Rights asset and related contract costs		—	0.6	—
Portfolio:				
Equity investments	3	**516.6**	473.0	543.1
Debt investments	3	**9.1**	5.2	9.1
Limited and limited liability partnership interests		**4.3**	4.9	4.4
Contingent value rights		**1.4**	1.4	1.4
Total non-current assets		**596.6**	555.9	625.8
Current assets				
Trade and other receivables		**2.2**	5.6	3.2
Deposits		**25.0**	50.0	70.0
Cash and cash equivalents		**149.7**	169.6	108.8
Total current assets		**177.6**	225.2	182.0
Total assets		**773.5**	781.1	807.8
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Called up share capital		**11.3**	11.3	11.3
Share premium account		**504.7**	504.7	504.7
Merger reserve		**12.8**	12.8	12.8
Retained earnings		**218.6**	243.3	251.6
Total equity attributable to equity holders		**747.4**	772.1	780.4
Non-controlling interest		**1.1**	(0.3)	1.5
Total equity		**748.5**	771.8	781.9
Current liabilities				
Trade and other payables		**2.5**	4.0	3.9
Non-current liabilities				
EIB debt facility		**14.9**	—	14.9
Loans from limited partners of consolidated funds		**7.6**	5.1	7.1
Contingent loans from university partners		**—**	0.2	—
Total equity and liabilities		**773.5**	781.1	807.8

Condensed consolidated statement of cash flows

For the six months ended 30 June 2016

	Unaudited six months ended 30 June 2016 £m	Unaudited six months ended 30 June 2015 £m	Audited year ended 31 December 2015 £m
Operating activities			
Operating (loss)/profit	**(34.3)**	65.8	73.8
Adjusted for:			
Change in fair value of equity and debt investments	**24.5**	(73.7)	(86.4)
Change in fair value of limited and limited liability partnership interests	**0.2**	(0.9)	(0.4)
Loss on disposal of equity investments	**0.4**	0.1	0.2
Depreciation of property, plant and equipment	**—**	—	0.1
Amortisation of intangible non-current assets	**2.8**	3.0	6.0
Change in fair value of Oxford Equity Rights asset	—	0.7	1.3
Fees settled in the form of equity	—	—	(0.7)
Share-based payment charge	**0.4**	0.4	1.5
Other portfolio income classified as investing activities cash flows	**—**	—	(0.1)
Changes in working capital:			
Decrease/(increase) in trade and other receivables	**0.7**	(0.5)	2.2
Increase/(decrease) in trade and other payables	**(1.6)**	1.9	1.9
Increase in non-current liabilities	**0.5**	0.5	2.2
Net cash flow from/(to) deposits	**45.0**	(20.0)	(40.0)
Other operating cash flows:			
Net interest received	**0.6**	0.3	0.7
Net cash inflow/(outflow) from operating activities	**39.2**	(22.4)	(37.7)
Investing activities			
Purchase of property, plant and equipment	**—**	—	—
Purchase of equity and debt investments	**(12.8)**	(55.1)	(115.9)
Investment in limited and limited liability partnerships	**(0.1)**	—	—
Proceeds from sale of equity investments	**14.5**	0.4	0.6
Distributions from limited and limited liability partnerships	**—**	0.6	0.6
Other portfolio income received	**—**	—	0.1
Net cash inflow/(outflow) from investing activities	**1.6**	(54.1)	(114.6)
Financing activities			
Proceeds from the issue of share capital	**—**	178.8	178.8
Proceeds from drawdown of EIB facility	**—**	—	14.9
Net cash inflow from financing activities	**—**	178.8	193.7
Net increase in cash and cash equivalents	**40.8**	102.3	41.4
Cash and cash equivalents at the beginning of the period	**108.8**	67.3	67.3
Effect of foreign exchange rate changes	**0.1**	—	0.1
Cash and cash equivalents at the end of the period	**149.7**	169.6	108.8

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2016

	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 2014 (audited)	9.6	327.6	12.8	176.2	526.2	—	526.2
Equity-settled share-based payments	—	—	—	0.4	0.4	—	0.4
Issue of equity	1.7	177.1	—	—	178.8	—	178.8
Comprehensive income	—	—	—	66.7	66.7	(0.3)	66.4
At 30 June 2015 (unaudited)	11.3	504.7	12.8	243.3	772.1	(0.3)	771.8
Equity-settled share-based payments	—	—	—	1.1	1.1	—	1.1
Issue of equity	—	—	—	—	—	0.2	0.2
Comprehensive income	—	—	—	7.2	7.2	1.6	8.8
At 31 December 2015 (audited)	**11.3**	**504.7**	**12.8**	**251.6**	**780.4**	**1.5**	**781.9**
Share-based payment charge	**—**	**—**	**—**	**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**

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 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 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)
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
Total comprehensive income for the period	(32.6)	(0.5)	(0.7)	(33.8)
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	—	—	—	—

Six months ended 30 June 2015 (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	73.7	—	—	73.7
Loss on disposal of equity investments	(0.1)	—	—	(0.1)
Change in fair value of limited and limited liability partnership investments	0.9	—	—	0.9
Other portfolio income	—	—	—	—
Licensing income	0.1	—	3.0	3.1
Revenue from services and other income	0.5	0.1	—	0.6
Revenue from fund management services	—	0.7	—	0.7
Change in fair value of Oxford Equity Rights asset	(0.7)	—	—	(0.7)
Amortisation of intangible assets	(3.0)	—	—	(3.0)
Administrative expenses	(7.2)	(0.4)	(1.8)	(9.4)

Six months ended 30 June 2015 (unaudited)	University partnership business £m	Venture capital fund management £m	In-licensing activity £m	Consolidated £m
Operating profit	64.2	0.4	1.2	65.8
Net finance income	0.6	—	—	0.6
Profit before taxation	64.8	0.4	1.2	66.4
Taxation	—	—	—	—
Profit and comprehensive income for the period	64.8	0.4	1.2	66.4
STATEMENT OF FINANCIAL POSITION				
Assets	767.2	9.8	4.1	781.1
Liabilities	(9.2)	—	(0.1)	(9.3)
Net assets	758.0	9.8	4.0	771.8
Other segment items				
Capital expenditure	—	—	—	—
Depreciation	—	—	—	—

Year ended 31 December 2015 (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	86.4	—	—	86.4
Loss on disposal of equity investments	(0.2)	—	—	(0.2)
Change in fair value of limited and limited liability partnership interests	0.4	—	—	0.4
Other portfolio income	0.2	—	—	0.2
Licensing income	0.1	—	8.0	8.1
Revenue from services and other income	0.9	1.1	—	2.0
Revenue from fund management services	—	1.4	—	1.4
Change in fair value of Oxford Equity Rights asset	(1.3)	—	—	(1.3)
Amortisation of intangible assets	(6.0)	—	—	(6.0)
Administrative expenses	(13.9)	(0.8)	(2.5)	(17.2)
Operating profit	66.6	1.7	5.5	73.8
Net finance income	1.3	—	—	1.3
Profit before taxation	67.9	1.7	5.5	75.1
Taxation	—	—	—	—
Profit for the year	67.9	1.7	5.5	75.1
Exchange differences on translating foreign operations	0.1	—	—	0.1
Total comprehensive income for the period	68.0	1.7	5.5	75.2
STATEMENT OF FINANCIAL POSITION				
Assets	**788.8**	**11.3**	**7.7**	**807.8**
Liabilities	**(25.5)**	**(0.1)**	**(0.3)**	**(25.9)**
Net assets	**763.3**	**11.2**	**7.4**	**781.9**
Other segment items				
Capital expenditure	**—**	**—**	**—**	**—**
Depreciation	**(0.1)**	**—**	**—**	**(0.1)**

2. Earnings per share

Earnings	Unaudited six months ended 30 June 2016 £m	Unaudited six months ended 30 June 2015 £m	Audited year ended 31 December 2015 £m
Earnings for the purposes of basic and dilutive earnings per share	**(33.4)**	66.7	73.9

Number of shares	Unaudited six months ended 30 June 2016 Number of shares	Unaudited six months ended 30 June 2015 Number of shares	Audited year ended 31 December 2015 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**564,897,747**	516,340,803	540,681,647
Effect of dilutive potential ordinary shares: Options or contingently issuable shares	**—**	1,188,606	1,237,274
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**564,897,747**	517,529,409	541,918,921

Potentially dilutive ordinary shares include contingently issuable shares arising under the Group's LTIP arrangements, and options issued as part of the Group's Share-Save Scheme and Deferred Bonus Share Plan (for annual bonuses deferred under the terms of the Group's annual incentive scheme). As the Group made a loss for the period the potentially dilutive shares outstanding at the period end are not considered when calculating the diluted earnings per share.

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 2015 and which will form the basis of the 2016 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 2014	138.2	193.2	4.0	14.5	349.9
Investments during the period	4.0	48.7	2.3	0.1	55.1
Transaction-based reclassifications during the period	—	0.2	(0.2)	—	—
Other transfers between hierarchy levels during the period	—	(13.3)	—	13.3	—-
Disposals during the period	—	—	(0.2)	(0.3)	(0.5)
Change in fair value in the period	27.2	50.9	(0.7)	(3.7)	73.7
At 30 June 2015 (unaudited)	169.4	279.7	5.2	23.9	478.2
Investments during the period	22.2	33.6	4.8	0.2	60.8
Transaction-based reclassifications during the period	2.3	(1.6)	(0.7)	—	—
Other transfers between hierarchy levels during the period	24.6	(37.6)	0.1	12.9	—
Disposals during the period	—	—	(0.1)	(0.2)	(0.3)
Fees settled via equity	—	0.7	—	—	0.7
Change in fair value in the period	(17.2)	33.7	(0.2)	(3.6)	12.7
Exchange differences on translating foreign currency investments	—	0.1	—	—	0.1
At 31 December 2015	**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**	**(2.3)**	**(24.7)**
Exchange differences on translating foreign currency investments	**—**	**0.2**	**—**	**—**	**0.2**
At 30 June 2016 (unaudited)	**167.9**	**312.2**	**11.1**	**34.5**	**525.7**

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 30 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 £3.5m, 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 £6.4m.

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 £10.0m.

The fair value changes in Level 3 investments have amounted to a loss of £2.3m 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

	Unaudited 30 June 2016 £m	Unaudited 30 June 2015 £m	Audited 31 December 2015 £m
Issued and fully paid:			
565,207,667 ordinary shares of 2p each (HY15: 564,619,369; FY15: 564,648,168)	**11.3**	11.3	11.3

In April 2016, the Company issued 457,877 new ordinary shares in order to settle conditional awards made under the Group's 2013 LTIP that achieved their vesting conditions and consequently became issuable to the Group's employees.

Additionally, in May 2016, the Company issued 101,622 new ordinary shares 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. Intangible assets

	Total £m
Cost	
At 30 June 2015, 31 December 2015	21.4
Additions	0.2
At 30 June 2016	**21.6**
Accumulated amortisation	
At 1 January 2015	4.9
Charge for the period	3.0
At 30 June 2015	7.9
Charge for the period	3.0
At 31 December 2015	10.9
Charge for the period	2.8
At 30 June 2016	**13.7**
Net book value	
At 30 June 2015	13.5
At 31 December 2015	10.5
At 30 June 2016	**7.9**

The 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 17 months to 38 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.

6. Goodwill

	£m
At 30 June 2015, 31 December 2015 and 30 June 2016	**57.1**

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 2016, is goodwill of £57.1m. 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) and the acquisition of Fusion IP plc in March 2014 (£38.7m). 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 2015.

	Unaudited 30 June 2016 £m	Unaudited 30 June 2015 £m	Audited 31 December 2015 £m
University partnership CGU	**55.0**	55.0	55.0
Fund management CGU	**2.1**	2.1	2.1
	57.1	57.1	57.1

During the period to 30 June 2016, no factors indicating potential impairment of goodwill were noted and, as a result, no impairment review was deemed necessary.

7. 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	**Unaudited six months ended 30 June 2016 £m**	Unaudited six months ended 30 June 2015 £m	Audited year ended 31 December 2015 £m
Revenue from services	**0.5**	0.7	1.3

Statement of financial position	**Unaudited 30 June 2016 £m**	Unaudited 30 June 2015 £m	Audited 31 December 2015 £m
Investment in limited partnerships	**2.9**	3.6	3.1

b) Key management transactions

The following key management held shares in the following spin-out companies as at 30 June 2016:

Director	Company name	Number of shares held at 1 January 2016	Number of shares acquired/ (disposed) in the period	**Number of shares held at 30 June 2016**	%
Alan Aubrey	Alesi Surgical Limited	18	—	**18**	0.3%
	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[i]	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	26	—	**26**	0.7%
	Cronin Group plc	2,172,809	—	**2,172,809**	0.4%
	Crysalin Limited	1,447	—	**1,447**	0.1%
	Diurnal Group plc	15,000	—	**15,000**	<0.1%
	EmDot Limited	15	—	**15**	0.9%
	Evocutis plc	767,310	—	**767,310**	0.1%
	Getech Group plc	15,000	—	**15,000**	<0.1%
	Green Chemicals plc	108,350	—	**108,350**	0.9%
	hVivo plc	37,160	—	**37,160**	<0.1%
	Ilika plc	69,290	—	**69,290**	0.1%
	Karus Therapeutics Limited	223	—	**223**	<0.1%
	Mirriad Advertising Limited	33,333	—	**33,333**	<0.1%
	MDL 2016 Limited[ii] — Ordinary shares	3,226	—	**3,226**	0.4%
	MDL 2016 Limited[ii] — A shares	229	—	**229**	0.5%
	Modern Biosciences plc	1,185,150	—	**1,185,150**	1.7%
	Modern Water plc	519,269	—	**519,269**	0.7%
	Oxford Advanced Surfaces Limited	—	8,402	**8,402**	0.1%
	Oxford Nanopore Technologies Limited	101,208	—	**101,208**	0.4%
	Oxtox Limited	25,363	(25,363)	—	0.0%
	Revolymer plc	88,890	—	**88,890**	0.2%
	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%
	Tracsis plc	121,189	—	**121,189**	0.5%
	Xeros Technology Group plc	40,166	—	**40,166**	<0.1%
	Zeetta Networks Limited	212	—	**212**	0.2%
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[i]	9,313	—	**9,313**	<0.1%
	Capsant Neurotechnologies Limited	11,282	—	**11,282**	0.8%
	Cloud Sustainability Limited	25	9	34	0.6%
	Cronin Group plc	932,944	—	**932,944**	0.2%
	Crysalin Limited	1,286	—	**1,286**	0.1%
	Diurnal Group plc	15,000	—	**15,000**	<0.1%
	EmDot Limited	14	—	**14**	0.8%
	Getech Group plc	20,000	—	**20,000**	<0.1%
	Green Chemicals plc	113,222	—	**113,222**	0.9%
	hVivo plc	37,160	—	**37,160**	<0.1%
	Ilika plc	10,000	—	**10,000**	<0.1%
	Mirriad Advertising Limited	25,000	—	**25,000**	<0.1%
	MDL 2016 Limited[ii]	1,756	—	**1,756**	0.1%
	Modern Biosciences plc	1,185,150	—	**1,185,150**	1.7%
	Modern Water plc	575,000	—	**575,000**	0.7%
	Oxford Advanced Surfaces Limited	5,000	—	**5,009**	<0.1%
	Oxford Nanopore Technologies Limited	30,967	—	**30,967**	0.1%
	Oxtox Limited	25,363	(25,363)	—	0.0%
	Quantum Imaging Limited	117	—	**117**	<0.1%
	Revolymer plc	35,940	—	**35,940**	<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%
	Tracsis plc	25,430	(25,430)	—	0.0%

Director	Company name	Number of shares held at 1 January 2016	Number of shares acquired/ (disposed) in the period	**Number of shares held at 30 June 2016**	%
	Ultrahaptics Limited	35	—	**35**	<0.1%
	Xeros Technology Group plc	35,499	—	**35,499**	<0.1%
Greg Smith	Alesi Surgical Limited	2	—	**2**	<0.1%
	Avacta Group plc[i]	3,904	—	**3,904**	<0.1%
	Capsant Neurotechnologies Limited	896	—	**896**	<0.1%
	Cloud Sustainability Limited	8	—	**8**	0.2%
	Crysalin Limited	149	—	**149**	<0.1%
	Diurnal Group plc	15,000	—	**15,000**	<0.1%
	EmDot Limited	4	—	**4**	0.2%
	Encos Limited	5,671	—	**5,671**	0.4%
	Getech Group plc	8,000	—	**8,000**	<0.1%
	Green Chemicals plc	4,830	—	**4,830**	<0.1%
	hVivo plc	61,340	—	**61,340**	<0.1%
	Mirriad Advertising Limited	16,667	—	**16,667**	<0.1%
	MDL 2016 Limited[ii] — Ordinary shares	361	—	**361**	<0.1%
	MDL 2016 Limited[ii] — A shares	28	—	**28**	<0.1%
	Modern Biosciences plc	313,425	—	**313,425**	0.5%
	Modern Water plc	7,250	—	**7,250**	<0.1%
	Oxford Nanopore Technologies Limited	1,581	—	**1,581**	<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%
	Diurnal Group plc	73,000	—	**73,000**	0.1%
	Mirriad Advertising Limited	16,667	—	**16,667**	<0.1%
	Oxford Nanopore Technologies Limited	144	—	**144**	<0.1%
	Quantum Imaging Limited	46	—	**46**	<0.1%
	Ultrahaptics Limited	26	—	**26**	<0.1%
	Zeetta Networks Limited	212	—	**212**	0.2%
Angela Leach	Alesi Surgical Limited	2	—	**2**	<0.1%
	Avacta Group plc[i]	1,897	—	**1,897**	<0.1%
	Boxarr Limited	102	—	**102**	<0.1%
	Capsant Neurotechnologies Limited	1,858	—	**1,858**	0.1%
	Cloud Sustainability Limited	10	—	**10**	0.3%
	Cronin Group plc	68,101	—	**68,101**	<0.1%
	Diurnal Group plc	11,500	—	**11,500**	<0.1%
	Evocutis plc	7,990	—	**7,990**	<0.1%
	First Light Fusion Limited	17	—	**17**	<0.1%
	hVivo plc	25,903	—	**25,903**	<0.1%
	Getech Group plc	2,083	—	**2,083**	<0.1%
	Mirriad Advertising Limited	16,667	—	**16,667**	<0.1%
	MDL 2016 Limited[ii] — Ordinary Shares	606	—	**606**	<0.1%
	MDL 2016 Limited[ii] — A Shares	102	—	**102**	<0.1%
	Modern Water plc	15,570	—	**15,570**	<0.1%
	Modern Biosciences plc	322,923	—	**322,923**	0.5%
	Oxford Nanopore Technologies Limited	1,721	—	**1,721**	<0.1%
	Quantum Imaging Limited	23	—	**23**	<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	329,172	—	**329,172**	<0.1%
	Ultrahaptics Limited	5	—	**5**	<0.1%
	Xeros Technology Group plc	5,666	—	**5,666**	<0.1%

(i) Avacta Group plc consolidated its outstanding shares by 100:1 during the period. The opening position has been restated.

(ii) Mode Diagnostics Limited was renamed MDL 2016 Limited on 19 July 2016

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	**Unaudited six months ended 30 June 2016 £m**	Unaudited six months ended 30 June 2015 £m	Audited Year ended 31 December 2015 £m
Revenue from services	0.4	0.5	2.0

Statement of financial position	**Unaudited 30 June 2016 £m**	Unaudited 30 June 2015 £m	Audited 31 December 2015 £m
Trade receivables	1.3	1.3	1.5

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:

	Unaudited 30 June 2016 £m	Unaudited 30 June 2015 £m	Audited 31 December 2015 £m
Intercompany balances with other Group companies	10.5	8.4	10.5

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 2015 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 2015 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 2016.

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 2015, 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 8 August 2016, 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 2015.

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 2015 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	**Alan Aubrey**
Chairman	**Chief Executive Officer**
8 August 2016	

Independent review report

To IP Group plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises 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. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review 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 review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing 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. 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.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Jonathan Mills
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
8 August 2016