FOR RELEASE ON **05 August 2020**

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

Half-yearly results

Half-Year Highlights

Record cash realisations, strong financial position, positive developments in portfolio

Portfolio highlights

- Net portfolio gains of £34.9m or approximately +3% (HY19: reduction of £36.7m; FY19: reduction of £43.9m)
- Cash realisations of £113.7m (HY19: £7.1m; FY19; £79.5m), exceeding investment by £76.9m
- IP Group investment into portfolio: £36.9m (HY19: 39.0m; FY19: £64.7m)
- Total funds raised by portfolio companies in excess of £350m (HY19: £239m; FY19: £430m) including Featurespace (£30m) and Inivata ($25m), £200m of which was raised post-UK lockdown.
- Fair value of portfolio: £1,025.0m (HY19: £1,127.0m; FY19: £1,045.6m)
- Ceres Power valuation exceeded £1bn making it the second 'unicorn' to emerge from our portfolio; the resultant liquidity in the stock afforded the Group the opportunity to realise the majority of its investment at 7x cost
- Strong commercial progress at Oxford Nanopore, including development of LamPORE assay for the detection of SARS-CoV-2, and a total of £77.7m additional capital raised
- Inivata announced a strategic collaboration and $25m investment, plus an option to buy the company, from NeoGenomics
- Wave Optics exceeded its order forecasts in the first half of the year and now counts eight of the world's top ten tech and social media companies as customers
- A number of our portfolio companies, most notably Oxford Nanopore, are involved in the response to COVID-19

Financial and operational highlights

- Hard NAV[1] £1,156.4m or 108.8 pence per share (HY19: £1,171.8m or 110.6p; FY19: £1,141.5m or 107.8 pence per share)
- Net assets £1,156.8m (HY19: £1,172.4m; FY19: £1,141.9m)
- Strong liquidity with gross cash and deposits at 30 June 2020 of £245.3m (HY19: £161.1m; FY19: £194.9m) and net cash (gross cash and deposits less EIB debt) of £170.5m
- (HY19: £71.0m; (FY19: £112.4m)
- Positive Return on Hard NAV[2] of £14.2m (HY19: negative £46.9m; FY19: negative £73.7m)
- Profit of £11.7m (HY19: loss of £49.5m; FY19: loss of £78.9m)

Post period-end update

- Total further cash realisations from the portfolio of £54.4m in July, total gross cash and deposits at 31 July 2020 of more than £275m
- Oxford Nanopore announces partnership with UK Government to roll out LamPORE, a new generation of COVID-19 test
- Appointment of Prof. Gordon Clark as Chair of Ethics Committee

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

"IP Group has made excellent progress in the first half of the year and beyond, achieving record realisations to the end of July of more than £168m, more than double the £79.5m achieved for the whole of 2019. The Group saw a positive return of approximately 3% on its portfolio in the first half, despite the significant headwinds and challenges faced globally. We will we continue this focus on NAV growth in the second half of the year and beyond.

We have adapted the Group's day-to-day operations to ensure that our people have been able to continue to work effectively despite the COVID-19 pandemic and management has focussed on three core areas – the health and wellbeing of our people, supporting our portfolio of companies and maintaining business-as-usual virtually. I have great pride in the role that many of our portfolio companies are continuing to play in society's response to COVID-19, further underlining the relevance and importance of the Group's purpose.

1. Hard NAV is defined as Total Equity, excluding Other Intangible Assets (see below).
2. Return on Hard NAV is defined as the (loss)/profit for the period, excluding amortisation of intangible assets, share-based payment charge and IFRS3 charge in respect of acquisition of subsidiary (see below).

The cash realisations from the portfolio, the positive portfolio return and continued prudent cost control have placed the Group in an even stronger, more liquid financial position than at the beginning of 2020. We remain confident in the prospects for our portfolio that, as well as financial returns, is delivering meaningful impact and significant benefits to society at large."

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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

The Group's purpose is to evolve great ideas into world-changing businesses that make a positive impact on the environment and society as well as an attractive financial return. The importance of this purpose has arguably never been more evident than during the current COVID-19 pandemic which has highlighted the need to advance technologies that will allow society to better manage situations like the one we face today, as well as those that will build a post-pandemic world with its new priorities, risks, and opportunities We are particularly proud of the resilience and agility of the IP Group team and of the many IP Group companies, past and present, that are contributing to the COVID-19 response, including current portfolio companies Oxford Nanopore Technologies, Ieso Digital Health, Oxehealth and Navenio.

Oxford Nanopore Technologies Ltd, the Group's most valuable holding, remains at the forefront of efforts to tackle the COVID-19 pandemic and recently announced an agreement with the UK's Department of Health and Social Care, to roll out LamPORE, its first diagnostic test, for the detection of COVID-19. Under the agreement, an initial 450,000 LamPORE SARS-CoV-2 tests will be made available for use by a number of NHS testing laboratories. Oxford Nanopore's technology has been supporting public health authorities and researchers around the world from since the start of the outbreak, as rapid sequencing of the novel coronavirus SARS-CoV-2 (the virus that causes COVID-19) has helped understand transmission pathways and the biology of the disease.

The Group's primary financial priority is to achieve organic growth in Net Asset Value ('NAV') through investment in portfolio companies and the IP Group team remains focused on returning the portfolio to growth. We are doing so by rationalising the portfolio and continuing to concentrate resources on those companies considered most likely to have a meaningful impact on Group NAV in the short to medium term. In this context, the £34.9m net portfolio gains (or 3.3%) during the period were encouraging (HY19: reduction of £36.7m; FY19: reduction of £43.9m). This was achieved against the backdrop of market volatility as a result of the COVID-19 pandemic which, in the short term, impacted the valuations of some of the Group's portfolio companies with pressure on pricing seen in some funding rounds.

Another significant priority has been to achieve portfolio self-sustainability through realisations from our maturing companies and, again, progress during the first half has been very encouraging with a record total of £113.7m of cash realisations compared with £7.1m a year earlier. The Group is therefore well-financed with gross cash and deposits of £245.3m (net cash: £170.5m) at 30 June 2020, with a further £54.4m of cash proceeds realised during July 2020. Notwithstanding the balance sheet strength we now have, the Board will continue to take a prudent approach when applying the Group's capital allocation policy in the current climate and remains mindful of the continued gap between the Group's share price and its net asset value per share, the closing of which remains a key objective.

COVID-19

As outlined in our AGM statement in June, we have taken action to ensure that IP Group's day-to-day operations have been able to continue effectively despite the coronavirus pandemic. The majority of the team continues to operate remotely to ensure the continued health and wellbeing of our people in each of the geographies in which we operate. We have necessarily adjusted our internal operational efforts where appropriate. For example, we have increased our internal communications significantly, offered a range of wellbeing support mechanisms and solicited regular feedback from employees during this period. We will continue with this approach as we plan the evolution of our working arrangements over coming months. We have seen employee engagement levels increase during this period with employees reporting that they feel well-supported and informed.

The Group continues to assess and respond to the impacts of COVID-19 on its portfolio companies. Our teams continue to work with our individual portfolio companies as they assess and mitigate potential impacts on their businesses, respond to opportunities, and manage their capital and resource requirements. A number of our companies have accessed COVID-19-related support, including the Future Fund in the UK and loans under the CARES Act in the US. While the year to date has undoubtedly seen significant change with increased volatility, particularly in the capital markets, we remain positive on our portfolio's prospects, particularly in light of its increasing maturity.

Ceres Power

The majority of the cash realisations in the year to date have come from the sale of our position in Ceres Power Holdings plc. The £125.9m realised represents a multiple of seven times cost. This exit is a huge endorsement of the Group's 'cradle to maturity' philosophy and of our long-term perspective, having initially invested in Ceres in 2012 at a valuation of less than £1 million. Over the past eight years, IP Group has actively supported Ceres in a number of ways in addition to providing capital. At the time of our most recent sale of Ceres Power shares in July, the company was worth approximately £1 billion, employed more than 300 people and was in a strong financial and commercial position. It is a great example of our model and how IP Group has helped to develop and support a world-leading company based on scientific research carried out in the UK. It has been a privilege to work with the Ceres team over the years and we are immensely proud of the company's achievements.

North American operations

In North America, the IP Group, Inc. team successfully attracted further external strategic investment during the first half, building on the investment made by two US-based blue-chip family offices during late 2018 and early 2019, alongside additional funding from IP Group plc. While portfolio companies in the US are generally at an earlier stage in their development than companies in the UK portfolio, progress was strong, with highlights including Nature Biotechnology reporting on Carisma Therapeutics' planned first-in-human trials for its autologous CAR-macrophage therapy directed against tumours, the beta launch of MOBILion's first instruments and its technology being ranked among the six top technologies at the American Society of Mass Spectrometry Reboot Conference and Exyn Technologies successfully mapping a gold mine in Central Lapland in partnership with Canadian-based gold exploration company, Rupert Resources. The US team completed one new proof of concept investment, bringing the total number of holdings to 27.

Australasian operations
In Australasia, the Group has now completed ten investments and continues to work closely with the leading Group of Eight universities in Australia and the University of Auckland in New Zealand. New investments in the period include RAGE Biotech, developing a novel therapy for inflammatory lung disease, and CyAmast, who are bringing to market a novel approach to network cybersecurity for IoT devices. The existing portfolio is continuing to make progress, with both Canopus Networks and Additive Assurance hitting operational milestones and receiving follow-on investments. The Group also continues to work closely with Hostplus, one of Australia's largest superannuation funds with over A$53bn under management, through the A$100m IP Group Hostplus Innovation Fund.

Parkwalk Advisors
Parkwalk, the Group's specialist EIS fund management subsidiary, now has assets under management of £306m (HY19: £280m; FY19: £300m) including funds managed in conjunction with the universities of Oxford, Cambridge and Bristol and, for the first time, Imperial College London. Parkwalk has managed the largest EIS fund (by monies raised) in each of the last three years. In the first six months of 2020, Parkwalk invested £17.6m (HY19: £35.1m; FY19: £65.0m) in the university spin-out sector across 20 companies including two companies also held directly by IP Group (HY19: 22 investments). Six new companies joined the Parkwalk portfolio and one exit was achieved at a modest uplift in value. In the first half of the year, Parkwalk liaised closely with BEIS and HMT on improving the financial ecosystem for knowledge-intensive spin-out companies post-COVID-19 and with Brexit on the horizon. Within Parkwalk, and more broadly, the Group continues to explore potential fund management opportunities.

Senior Leadership Team
As outlined in the 2019 Annual Report, the Group's Senior Leadership structure has been in transition since the Touchstone integration that commenced in early 2018. With that integration now fully completed further steps are planned to be taken in the second half of this year that will also enable us to deliver on our commitment to improving diversity in the Group's leadership team. A new Executive Committee will be created with appropriate delegated responsibility from the Board for implementation of the Group's strategy and policies, day-to-day management of the business and for monitoring performance and reporting thereon to the Board. We expect the revised structure to be in place by the end of the year and, at the same time, expect to take the opportunity to simplify the Board structure by removing the board observer positions and reviewing the overall size of the Board.

Appointment of first Chair of the IP Group Ethics Committee
In July, IP Group was pleased to announce the appointment of Professor Gordon Clark, Senior Consultant and Emeritus Professor of the Smith School of Enterprise and the Environment, Oxford University, as Chair of its Ethics Committee. The Group's Ethics Committee has been set up to oversee IP Group's Ethical Investment Framework which sets out the Group's approach to responsible investing. Professor Clark will Chair the Committee, providing advice on investments when required as well as reviewing the framework and ensuring compliance. Professor Clark is one of the most influential academics in the world in the field of investment management, particularly in relation to long-term ESG factors such as environmental performance.

Outlook
IP Group aims to address some of the world's most pressing challenges and opportunities through the companies and innovation we back and support, allowing us to generate positive social and environmental impact alongside financial returns, delivering impact and significant benefits to society at large.

While the world faces enormous challenges from the coronavirus pandemic, it has also emphasised the need for investment and innovation in solutions from drug development and vaccines through to technologies that will help 'build back better and greener'. With our portfolio of technology-based businesses, IP Group is extremely well placed to help source and support that innovation for the benefit of society.

Our financial priorities for 2020 remain focused on the actions required to secure a strong return on Hard NAV over the investment cycle, continuing to generate realisations and managing the Group's Net Overheads. The Board continues to believe the Group has a balanced and diverse portfolio that will deliver significant benefits for all stakeholders over time.

Portfolio review

Overview
During the six months to 30 June 2020, there were net portfolio gains of £34.9m, a return of approximately 3% (HY19: loss £36.7m; FY19: loss £43.9m). As a result of significant net divestments during the period, the absolute value of the portfolio as at 30 June 2020 had reduced to £1,025.0m (HY19: £1,127.0m, FY19: £1,045.6m). The portfolio consists of interests in 45 'focus' companies, including the top 20 by value, representing 82% of the portfolio value, and 81 other companies (HY19: 61, 89%, 76; FY19: 57, 87%, 75). Of these, 89 are based in the UK, 27 in the US and 10 in Australasia (HY19: 109, 23, 5; FY19: 99, 23, 8). In addition, the Group has holdings in two multi-sector platform businesses as well as a further 49 *de minimis* holdings and 39 organic holdings (HY19: 2, 54, 44; FY19: 2, 49, 40).

The Group fully exited its interest in two companies (HY19: four; FY19: eight) and realised total cash proceeds during the period of £113.7m (HY19: £7.1m; FY19: £79.5m). These proceeds largely consist of the Group's partial realisations of its holdings in Ceres Power plc, generating £73.4m, Oxford Nanopore Technologies Limited, generating £22.0m (in relation to the partial disposal which took place during 2019), and Oxford Sciences Innovation plc, generating £7.3m.

During the first half of 2020, the Group provided pre-seed, seed and post-seed capital totalling £36.9m to its portfolio companies (HY19: £39.0m, FY19: £64.7m). The Group deployed capital into three new companies or projects during the period (HY19: seven, FY19: 16). One opportunity was sourced from the US and two from Australasia, with none from the UK this period (HY19: two, three, two; FY19: two, six, two). No investments were made in pre-incubation projects (HY19: none, FY19: six).

Performance summary

A summary of the Income Statement gains and losses that are directly attributable to the portfolio is as follows:

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Gains on revaluation of investments	**57.0**	54.0	86.3
Losses on revaluation of investments	**(52.8)**	(91.3)	(154.6)
Effects of movement in exchange rates	**5.2**	0.3	(2.3)
Change in fair value of equity and debt investments	**9.4**	(37.0)	(70.6)
Gains on disposals of equity investments	**25.5**	0.3	16.1
Gain on deconsolidation of subsidiary	**-**	-	10.6
Net portfolio gains/(losses)	**34.9**	(36.7)	(43.9)

The largest single contributor to net portfolio gains was Ceres Power plc which recorded a total gain in the period of £48.7m, £23.3m of which was realised in the period and included within gains on disposals of equity investments. Other significant fair value increases were attributable to Inivata (£7.0m), Featurespace (£6.4m) and Hinge Health (£5.1m). These gains were partially offset by losses, principally on the revaluation of Autifony Therapeutics Limited (£6.8m), Oxford Nanopore Technologies Limited (£6.1m), Econic Technologies Limited (£5.4m), Garrison Technology Limited (£5.2m) and Actual Experience plc (£4.3m).

Investments and realisations

The Group deployed a total of £36.9m across 37 new and existing projects during the period (HY19: £39.0m, 34, FY19: £64.7m, 55), versus realisations in the period of £113.7m (HY19: £7.1m; FY19: £79.5m), resulting in net realisations of £76.8m (HY19: net investment of £31.9m, FY19: net realisations of £14.8m).

Cash invested by company focus was as follows:

Cash investment analysis by company focus	**Six months ended 30 June 2020 £m**	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Top 20 by value	**11.0**	12.8	21.8
Focus	**8.8**	15.3	21.2
Other (including companies exited during the period)	**8.0**	4.9	11.8
Total United Kingdom	**27.8**	33.0	54.8
United States[1]	**7.2**	4.4	6.9
Australasia	**1.9**	1.6	3.0
Total purchase of equity and debt investments	**36.9**	39.0	64.7
Less cash proceeds from sales of equity investments	**(113.7)**	(7.1)	(79.5)
Net (realisations) / investment	**(76.8)**	31.9	(14.8)

1 United States investment total includes £0.8m (HY19: £0.7m, FY19: £1.6m) invested in Uniformity Labs, Inc., one of the Top 20 holdings by value.

Co-investment analysis

Including the £37m invested by the Group, the Group's portfolio raised more than £350m during the half year to 30 June 2020 (HY19: £239m; FY19: £430m). Co-investment in HY20 came from more than 65 different investors, excluding individuals, and none of which came from parties with a greater than 1% shareholding in IP Group plc. An analysis of this co-investment by source is as follows:

Portfolio capital raised	**Six months ended 30 June 2020 £m**	**%**	Six months ended 30 June 2019 £m	%	Year ended 31 December 2019 £m	%
IP Group	**36.9**	**10**	39.0	16	64.5	15
Funds managed by Parkwalk Advisors	**1.9**	**1**	6.7	3	13.2	3
IP Group plc shareholders (>1% holdings)	**-**	**-**	0.8	-	0.7	-
Institutional investors	**179.0**	**49**	91.9	39	147.0	34
Corporate, other EIS, individuals, universities and other	**126.8**	**35**	52.8	22	138.6	33
Capital into multi-sector platforms	**20.0**	**5**	48.1	20	66.3	15
Total	**364.6**	**100**	239.3	100	430.3	100

Portfolio maturity analysis

The Group's portfolio comprises holdings in companies at varying stages of development and, by weight of fair value, is increasingly in companies in which the Group has been invested for more than 8 years. An analysis of the Group's portfolio by time since date of first investment is as follows:

Fair value analysis	**As at 30 June 2020**				As at 31 December 2019			
by company maturity, £m	**<5 years**	**5-8 years**	**>8 years**	**Total**	<5 years	5-8 years	>8 years	Total
Tech	**70.1**	**70.1**	**59.4**	**199.6**	88.5	88.6	34.2	211.3
Cleantech	**12.7**	**63.9**	**23.8**	**100.4**	15.8	88.3	22.4	126.5
Life Sciences	**40.8**	**125.7**	**430.0**	**596.5**	47.7	110	428.6	586.3
Multi-sector	**-**	**19.5**	**-**	**19.5**	23.9	2.8	-	26.7
Organic and de minimis	**7.6**	**0.6**	**4.5**	**12.7**	8.2	0.6	4.2	13.0
Total UK	**131.2**	**279.8**	**517.7**	**928.7**	184.1	290.3	489.4	963.8
United States	**47.9**	**29.7**	**-**	**77.6**	53.2	11.2	-	64.4
Australasia	**5.7**	**-**	**-**	**5.7**	3.6	-	-	3.6
Total Net Portfolio	**184.8**	**309.5**	**517.7**	**1,012.0**	240.9	301.5	489.4	1,031.8
Revenue share	12.1	0.6	0.3	13.0	13.0	0.5	0.3	13.8
Total Gross Portfolio	**196.9**	**310.1**	**518.0**	**1,025.0**	253.9	302.0	489.7	1,045.6

Portfolio analysis by focus

At 30 June 2020, the Group's portfolio fair value of £1,025.0m was distributed across the portfolio as follows:

	As at 30 June 2020				As at 31 December 2019			
Fair value analysis	**Fair value**		**Number**		Fair value		Number	
by company focus	**£m**	**%**		**%**	£m	%		%
Top 20 by value	**697.2**	**72**	**20**	**16**	747.7	69	20	14
Focus	**119.8**	**12**	**25**	**20**	197.3	18	41	30
Other	**156.1**	**16**	**83**	**64**	137.3	13	78	56
Total	**973.1**	**100**	**128**	**100**	1,082.3	100	139	100
De minimis and organic holdings	**12.7**				6.5			
Total Portfolio	**985.8**				1,088.8			
Attributable to third parties[1]	**39.2**				38.2			
Gross Portfolio	**1,025.0**				1,127.0			

1 In the above table, the amount attributable to third parties consists of £16.8m attributable to minority interests represented by third party limited partners in the consolidated fund, IP Venture Fund II, £9.5m attributable to minority interests represented by third party limited partners in the consolidated US portfolio, £10.2m attributable to Imperial College London and £2.7m attributable to other third parties (HY19: £17.8m, £5.7m, £11.7m, £3.0m, FY19: £17.2m, £7.2m, £10.9m and £2.9m).

Management focuses the Group's resources on a limited number of portfolio companies that it believes are most likely to have a meaningful impact on Group NAV in the short to medium term. These Focus companies comprise the Top 20 investments by value at the period-end and those investments that are not within the 20 most valuable, but on which the life sciences and technology teams focus a significant proportion of their resources and capital. These holdings typically, although not exclusively, fall within the 100 most valuable portfolio company holdings and currently make up 84% of the portfolio by value (HY19: 87%, FY19: 88%). Outside of these companies, the portfolio contains a broad selection of potentially exciting opportunities, categorised as 'other'. Many of these opportunities are at an early stage, and they typically receive a lower level of capital and management resource.

Companies which are at a very early stage or in which the Group's holding is of minimal value, but remain as operating businesses, are classed as de minimis holdings. Organic holdings are investments in which the Group has acquired a shareholding upon creating the company as a result of the Group's previous technology transfer relationship with Imperial College London, but in which we have not actively invested.

The total value of the Group's portfolio companies (excluding multi-sector platforms, organic investments and de minimis holdings), calculated by reference to the Group's valuation of its holding in such companies and grossed up to reflect their total value, is now in excess of £5.5bn.

Portfolio analysis by sector

The Group funds spin-out companies based on a wide variety of scientific research emerging from leading research-intensive institutions and does not limit itself to funding companies from particular areas of science. The Group splits its core opportunity evaluation, investment and business-building team into two specialist divisions, Life Sciences and Technology. Where the Group invests in businesses that cannot be classified within these divisions, primarily those portfolio companies which also invest in other opportunities, they are recorded as multi-sector platforms.

Fair value analysis by sector	As at 30 June 2020 Fair value £m	%	Number	%	As at 31 December 2019 Fair value £m	%	Number	%
Life Sciences	**613.8**	**63**	**53**	**41**	626.9	58	55	40
Technology	**339.8**	**35**	**73**	**57**	392.3	36	82	59
Multi-sector platforms	**19.5**	**2**	**2**	**2**	63.1	6	2	1
Total	**973.1**	**100**	**128**	**100**	1,082.3	100	139	100
De minimis and organic holdings	**12.7**				6.5			
Total Portfolio	**985.8**				1,088.8			
Attributable to third parties[1]	**39.2**				38.2			
Gross Portfolio	**1,025.0**				1,127.0			

1 In the above table, the amount attributable to third parties consists of £16.8m attributable to minority interests represented by third party limited partners in the consolidated fund, IP Venture Fund II, £9.5m attributable to minority interests represented by third party limited partners in the consolidated US portfolio, £10.2m attributable to Imperial College London and £2.7m attributable to other third parties (HY19: £17.8m, £5.7m, £11.7m, £3.0m, FY19: £17.2m, £7.2m, £10.9m and £2.9m).

The following table lists information on the 20 most valuable portfolio company investments, which represent 70% of the total portfolio value (HY19: 68%, FY19: 71%). Additional detail on the performance of these companies is included in the Life Sciences and Technology portfolio reviews.

Company name (sector)	Description	Significant named co-investors at 30 June 2020	Primary valuation basis at 30 June 2020	Group Stake at 30 June 2020[1] %	Fair value of Group holding at 31 Dec 2019 £m	Net investment/ (divestment) £m	Unrealised Fair value movement £m	Fair value of Group holding at 30 June 2020 £m
Oxford Nanopore Technologies Limited (Life Sciences)	Enabling the analysis of any living thing, by any person, in any environment	Amgen, CCB, GIC, Hostplus, Invesco, Lansdowne	Recent financing (within 0-6 months)	*15.8*	263.8	–	(6.1)	257.7
Istesso Limited (Life Sciences)	Reprogramming metabolism to treat autoimmune disease	Puhua Capital	DCF / updated third-party valuation	*56.4*	82.6	–	–	82.6
Ceres Power Holdings plc (Technology)	Cheaper, cleaner power for a changing world	Bosch, Oceanwood, Weichai Power	Quoted (bid price)	*5.5*	74.6	(50.0)	25.4	50.0
Featurespace Limited (Technology)	Leading predictive analytics company	Highland Europe, Insight, Invoke, Merian Chrysalis, MissionOG, TTV Capital	Recent financing (within 0-6 months)	*19.7*	29.4	1.0	6.4	36.8
Invivata Limited (Life Sciences)	Transforming clinical cancer care with liquid biopsy	Cancer Research, CIC, J&J Innovation, RT Partners	Recent financing (within 0-6 months)	*25.7*	24.0	–	7.0	31.0
Ultraleap Holdings Limited (Technology)	Contactless haptic technology “feeling without touching”	Cornes, Dolby Ventures, Hostplus, Mayfair Partners	Recent financing (within 12-18 months)	*22.6*	27.5	–	–	27.5
Garrison Technology Limited (Technology)	Anti-malware solutions for enterprise cyber defences	BGF, Dawn Capital, NM Capital	Third-party valuation	*23.4*	28.8	–	(5.2)	23.6
First Light Fusion Limited (Technology)	Solving fusion with the simplest possible machine	OSI	Recent financing (within 0-6 months)	*31.0*	17.9	2.5	–	20.4
Ieso Digital Health Limited (Life Sciences)	Digital therapeutics for psychiatry	Draper Esprit	Recent financing (anticipated)	*46.5*	18.4	1.0	–	19.4
Oxford Sciences Innovation plc (Multi-sector)	University of Oxford preferred IP partner under 15-year framework agreement	Blue Pool, Fosun Pharma, Invesco, Lansdowne, Redmile, Sequoia, Temasek, Tencent	Recent financing (within 6-12 months)	*2.3*	23.9	(7.3)	–	16.6
Uniformity Labs, Inc. (Technology, US)	Equipment, materials and software for additive manufacturing	Not disclosed	Recent financing (>18 months)	*20.8*	14.1	0.7	1.0	15.8
Wave Optics Limited (Technology)	Novel optical waveguides and modules for augmented reality displays	Bosch Venture Capital, Gobi Partners, GoerTek Inc., Octopus	Recent financing (within 6-12 months)	*17.2*	15.2	–	–	15.2
YoYo Wallet Limited (Technology)	Mobile payments with integrated loyalty schemes	Hard Yaka, LeadX Capital	Recent financing (within 12-18 months)	*28.4*	13.7	0.9	–	14.6
PsiOxus Therapeutics Limited (Life Sciences)	Gene and viral therapies for cancer	Invesco, Lundbeckfonden, Mercia, SR One	Third-party valuation	*26.3*	14.5	–	–	14.5

Company name (sector)	Description	Significant named co-investors at 30 June 2020	Primary valuation basis at 30 June 2020	Group Stake at 30 June 2020[i] %	Fair value of Group holding at 31 Dec 2019 £m	Net investment/ (divestment) £m	Unrealised Fair value movement £m	Fair value of Group holding at 30 June 2020 £m
Mission Therapeutics Limited (Life Sciences)	Targeting deubiquitylating enzymes for the treatment of CNS and mitochondrial disorders	Pfizer, Roche, Sofinnova Partners, SR one	Recent financing (within 0-6 months)	*20.1*	13.7	–	0.7	14.4
Diurnal Group plc (Life Sciences)	Novel products for the treatment of rare endocrine disorders	Finance Wales, Polar Capital, Oceanwood Capital Management	Quoted (bid price)	*36.2*	9.5	2.8	0.9	13.2
Crescendo Biologics Limited (Life Sciences)	Biologic therapeutics eliciting the immune system against solid tumours	Andera Partners, Astellas, EMBL Ventures, Quan Capital, Sofinnova Partners, Takeda	Recent financing (>18 months)	*18.7*	12.3	–	–	12.3
Artios Pharma Limited (Life Sciences)	Novel oncology therapies that leverage the changes in the DNA Damage Response (DDR) in cancer cells	Abbvie, Arix, BioDiscovery 5, LSP, Merck, Novartis, Pfizer, SV Life Sciences	Recent financing (>18 months)	*11.8*	8.3	2.7	–	11.0
Exyn Technologies, Inc. (Technology, US)	Unmanned aerial systems	Not disclosed	Recent financing (within 12-18 months)	*28.4*	9.8	–	0.7	10.5
Genomics plc (Life Sciences)	Leading the genomic transformation of healthcare	Foresight, F-Prime Capital, Invesco, Lansdowne, OSI, Schroder, Vertex, Tamorer	Recent financing (>18 months)	*12.7*	10.3	–	–	10.3
Other companies (108 companies)					282.1	12.5	(18.7)	275.9
De minimis and organic investments					13.0	2.7	(3.0)	12.7
Value not attributable to equity holders[ii]					38.2	0.4	0.6	39.2
Total					1,045.6	(30.3)	9.7	1,025.0

i Represents the Group's undiluted beneficial economic equity interest (excluding debt) including only the portion of IPVFII's stake attributable to the Group rather than a fully consolidated basis. Voting interest is below 50%.

ii Includes £0.3m increase in revenue share to Imperial College London, with a corresponding decrease in revenue share liability resulting in no net fair value movement.

Portfolio review: Life Sciences

Oxford Nanopore

Oxford Nanopore Technologies Ltd, the Group's most valuable holding, remains at the forefront of efforts to tackle the COVID-19 pandemic and recently announced an agreement with the UK's Department of Health and Social Care, to roll out LamPORE, its first diagnostic test, for the detection of COVID-19. Under the agreement, an initial 450,000 LamPORE SARS-CoV-2 tests will be made available for use by a number of NHS testing laboratories. Its technology has been supporting public health authorities and researchers around the world from since the start of the outbreak, as rapid sequencing of the novel coronavirus SARS-CoV-2 (the virus that causes COVID-19) has helped understand transmission pathways and the biology of the disease. In May, the Company announced that it is developing its first method intended for diagnostic use: LamPORE will first be made available for SARS-CoV-2 detection, and another version that includes multiple viruses including influenza, rhinovirus and SARS-CoV-2 is also in development.

COVID-19 epidemiology: In early 2020, the company shipped an additional 200 MinION sequencers and related consumables to China which were deployed to support ongoing surveillance of the COVID-19 outbreak there, supplementing the large number of MinION devices already in operation in the country. As the outbreak struck the UK, the company moved quickly to implement its business continuity plans to ensure that employees could work safely and effectively while continuing to support customers and innovate, especially in the area of COVID-19.

In March, it was announced that the UK Government and Wellcome Trust had funded a COVID-19 genome sequencing alliance, to enable rapid, broad, large-scale sequencing analysis of samples from patients testing positive for COVID-19. The network aims to sequence the virus from every patient sample that has tested positive with the resulting data helping to deliver insights into how the virus is transmitted and how it evolves. Oxford Nanopore is supporting participating teams across the UK in this project, including in the cities of Birmingham, London, Edinburgh, Glasgow, Nottingham, Sheffield, Liverpool, Cardiff, Exeter and Cambridge.

Oxford Nanopore's sequencing technology, which is used in nearly 100 countries, has been used to sequence the virus in seven hours, providing new insights for diagnostic and vaccine development. Many researchers are using the portable MinION device, with higher throughput labs using the larger GridION.

The emergence of diagnostics: Oxford Nanopore's announcement that it was developing LamPORE, a rapid, low-cost and scalable assay for the detection of SARS-CoV-2, was accompanied at its London Calling conference by an announcement of how the Company plans to provide diagnostic products into the market. For example, Oxford Nanopore's new "Q-line" is a range of its existing devices in a locked-down, standardised format that is ideal for customers using it in regulated environments.

The LamPORE assay is designed to be rapid, low cost, and scalable to cater to on-demand analysis of smaller sample numbers, to very large numbers of samples. Oxford Nanopore is planning to deploy LamPORE for COVID-19 initially on GridION and soon after on the portable MinION Mk1C; this scalability suits both high-throughput screening for COVID-19, where a single GridION can be used to process as many as 20,000 samples a day through to rapid, near-community testing of lower sample numbers using MinION Mk1C. Further updates from the Company are expected in Q3 as LamPORE is geared up for the winter season testing surge.

Oxford Nanopore, whose goal is to enable the analysis of any living thing, by anyone, anywhere, continues to see its technology deployed in other applications such as large-scale human genomics, cancer research, microbiology, plant science, and environmental research. Nanopore sequencing is also being explored beyond research, where it has the potential to provide rapid, meaningful information in the fields of healthcare, agriculture, food and water surveillance, and education.

In May, the company announced it had raised an additional £48.4m of new capital to support ongoing innovation and rapid growth from both new and existing shareholders in EMEA, US and Asia, adding to the £29.3m capital raise that was announced on 2 January. The fundraising brings the total primary investment in Oxford Nanopore to approximately £529m. The valuation of the Group's holding in Oxford Nanopore was updated to reflect the price of this fundraise, resulting in a £6.1m fair value reduction.

The company also strengthened its Board in January with the appointment of John O'Higgins as a Non-Executive Director. John was previously CEO of Spectris, the international productivity-enhancing instrumentation and controls company, where he led rapid global growth and evolution of the company as it pursued multiple market applications from a broad technology platform.

In June, the company held its sixth Annual 'London Calling' conference virtually, attracting over 5,500 attendees from 91 countries. The event saw leading scientists present their work on a range of topics, including the ever-increasing performance of nanopore sequencing, as illustrated by the New York Genome Center's Dafni Glinos, who presented on transcriptomics: *"the data generated in this study represents the largest human long-read cDNA dataset to date"* and UCSC's Benedict Paten's talk about human genomics: *"…for the first time, and I'm really excited about this, it's fair to say ONT across the whole genome can outperform or be just about the same as Illumina which I think is a huge achievement".*

Other significant portfolio company updates

At 30 June 2020, the Life Sciences portfolio, excluding Oxford Nanopore, consisted of 52 companies, with a combined value of £356m. The relatively small increase in value in the first half (+£4.7m, excluding Oxford Nanopore) reflects what the Life Sciences team considers to be a period of stabilisation after two years of poor performance following the Touchstone acquisition, to which technical and commercial setbacks in several key private companies and disappointing quoted portfolio performance were key contributors. The Life Sciences team now believes that the worst of this may be behind the portfolio, and that the Group is well-placed to benefit from positive progress amongst some key companies during the second half of 2020 and during 2021.

Evidence of this is to be found in the deal struck between Inivata and NeoGenomics in May, by which the latter invested $25m in the former and took an option to buy the company, resulting in a £7m increase in the value of our holding. The division expects to see further such M&A and/or partnering activity during the course of the next 18 months.

A number of holdings saw fair value increases in the period, including a fundraising for digital therapeutics company Hinge Health that provided a £5m uplift and, in the listed portfolio, Diurnal and Intelligent Ultrasound, which together contributed £2m of uplift. In the case of Diurnal in particular, underlying performance has been excellent. In the period, the company signed a US licensing deal for Alkindi with Eton Pharmaceuticals, a specialist player in the hospital and paediatrics market, had its marketing application for Alkindi accepted by the US Food and Drug Administration ('FDA') and raised enough cash that its current adrenal insufficiency business is now financed through to profitability. FDA approval for Alkindi is now expected this year, while European Medicines Agency approval for Chronocort is expected in 1H 2021.

In terms of the Division's poorest performers, continued appraisal of the prospects for Autifony's lead drug in schizophrenia has led to a £6.8m write-down, while setbacks with the clinical development of Creavo's lead product for detection of acute coronary syndrome, in part due to COVID-19, have led to a £3.5m write-down.

Istesso, the Group's second largest life science asset by holding value, continued its preparations for a Phase 2b study of its novel rheumatoid arthritis drug, MBS2320, expected to start in 2021. Its valuation was held at the same level as last year end.

Finally, the team's strategy for the last two years has been to increasingly focus on a smaller number of high conviction holdings and, to this end, recycle capital from listed assets into the private portfolio. Consistent with this approach, the team realised the Group's holding in Avacta Group plc during the period. With hindsight, the timing of this exit proved to be unfortunate, with the company's share price increasing significantly following announcement of COVID-19-related developments. However, the team remains committed to its approach which, it believes, will provide the best mid- and long-term returns for the Group.

Portfolio review: Technology

IP Group's Technology portfolio comprises holdings in 73 companies valued at £340m as at 30 June 2020.

Technology

The Technology portfolio has performed well in the first half of the year despite the extremely challenging situation presented by COVID-19. Our portfolio companies were quick to respond to the crisis, prioritising the health and well-being of their staff whilst adopting prudent cash management measures. We saw several instances of private investors pulling out of portfolio company deals in the early stages of lockdown and in some cases the crisis has had an impact on asset value, but we have worked hard to ensure our assets are financially secure throughout the crisis. The most significant private company fair value reductions during the period related to Garrison (£5.2m), as a result of slower than anticipated revenue growth, and Econic (£5.4m), as a result of a more challenging funding outlook for the company.

The first half of 2020 saw our portfolio company Featurespace, the world leader in enterprise financial crime prevention for fraud and Anti-Money Laundering, raise £30m in a funding round led by Merian Chrysalis Investment Company. Featurespace, whose machine learning models have automatically adapted to the shift in consumer and criminal behaviour during lockdown, continues to grow in value and this new capital will finance further expansion.

It has also been a transformative period for Wave Optics Limited, which makes waveguides and projectors for augmented reality glasses. Despite COVID-19, the company exceeded its order forecasts in the first two quarters, reflecting the imminent emergence of mass market augmented reality products. Wave Optics now counts eight of the world's top ten tech and social media companies as customers.

COVID-19 has brought challenges to all of our portfolio companies, but we hope that several of those companies can also help the world adapt to and deal with the crisis. University of Oxford spin-out Navenio, for example, is deploying its infrastructure-free indoor location and workforce artificial intelligence solution in UK hospitals to help alleviate the pressures brought on by reduced or changing staff availability, whilst Actual Experience plc was cited in a white paper published by Verizon and Boston Consulting Group as a key tool for managing the changes in working patterns brought about by lockdown.

In addition to our focus on driving value from the more mature portfolio assets, we continue to nurture potentially ground-breaking earlier-stage assets. In that domain, we were very pleased to see our portfolio company Quantum Motion, which IP Group has nurtured alongside Oxford Sciences Innovation from the laboratory benches of University College London and the University of Oxford, raise an oversubscribed £8m Series A round to fund its growth.

Cleantech

The first half of 2020 was another very positive period in the Cleantech portfolio, primarily due to the rapid growth in value of Ceres Power plc. The Group first invested in Ceres in 2012, and it is a great example of how we have helped to develop and support a world-leading company based on scientific research carried out in the UK. Ceres Power's market-leading fuel cell technology has attracted investment from Bosch and Weichai Power, and we were pleased to see the company's potential reflected in its customer progress and share price growth this year. The success of this asset provided the opportunity for IP Group to realise the majority of our holding. An equity sale in January 2020, and another in May 2020, yielded a total of £73m proceeds for the Group, against a total investment of £18.3m. Since June 30, a further £52.4m worth of shares were sold, bringing total proceeds from Ceres to date to £125.9m, which represents a multiple of seven times cost.

Our pioneering portfolio asset First Light Fusion, which is researching energy generation by inertial confinement fusion, experienced some unforeseen engineering issues late in 2019. First Light is confident of overcoming these challenges, and its world-class scientific advisory board has stated that it remains on a path to be the first company to demonstrate projectile-driven inertial confinement fusion. The company has had to substantially curtail its experimental programme due to the COVID-19 lockdown but is aiming to resume experimental campaigns towards the end of 2020.

We were pleased to note solar innovator Azuri Technologies has again been ranked as one of the fastest growing companies in Europe, this year achieving 370th place in the FT1000 list produced by the Financial Times. Azuri was the only off-grid solar company featured. The ranking is based upon annual growth rate in revenue between 2015 and 2018, with Azuri's ranking based on its total 460% revenue growth over the four-year period. The company's growth can be attributed to the need for affordable, off-grid energy solutions in sub-Saharan Africa, a region where 600 million people lack access to reliable energy services and connection to the digital world.

We continue to source new deals from leading universities, and in January we announced the closing of a seed round in an exciting new company in energy storage. RFC Power is the result of a scientific breakthrough in chemistry from Imperial College London, made in the labs of Ceres co-founder Professor Nigel Brandon and Professor Anthony Kucernak. The company is aiming to develop the world's lowest cost flow battery. Flow batteries are a form of rechargeable battery for long duration, stationary energy storage. Grid-connected storage will be critical to the transition to net-zero power systems, as the proportion of supply coming from renewables increases. There will be a need to deliver stored power for many hours or even days during periods of high demand or low wind and sunshine. Professor Brandon will chair the board of the new company, and our funding will allow RFC to expand its team and develop demonstration systems to embody its new technology.

Portfolio review: Multi-sector platforms

The Group has shareholdings in two multisector platform companies, Oxford Sciences Innovation plc ("OSI") and Cambridge Innovation Capital plc ("CIC"). During the year to date, the Group has further reduced its holding in OSI, generating proceeds of £7.3m. As at 30 June 2020, IP Group has a 2.3% holding in OSI valued at £16.6m and a 1.0% holding in CIC valued at £2.8m (HY19: 3.3%, £23.9m, 1.7%, £4.8m, FY19: 3.3%, £23.9m,1.0%, £2.8m).

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% of the university's founder equity in spin-out companies.

As the OSI portfolio matures, there has been an increased focus on the most-promising companies, into which the majority of follow-on funding has been allocated and from which almost all portfolio valuation uplift has been generated. In the first half of 2020 there have been two exits from the portfolio, whilst continued support has been provided to its existing portfolio companies which have completed six significant fundraisings. The portfolio is now valued at £329m, and consists of 78 investments, into which £160m has been invested to date.

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. Since its inception, CIC has secured £275m of investment, invested £167m, and its current portfolio of 31 investments is held at £300m.

Additional Portfolio Analysis

	Tech	Cleantech	Life Sciences	Multi Sector	Organic and De minimis	Total UK	United States	Australasia	Attributable to third party investors in VF II & US	Total Net Portfolio	Revenue share	Total Gross Portfolio
Value of companies in the portfolio	**£192.9m**	**£98.3m**	**£588.6m**	**£19.5m**	**£12.7m**	**£912.0m**	**£68.1m**	**£5.7m**	**£26.2m**	**£1,012.0m**	**£13.0m**	**£1,025.0m**
HY20 net portfolio gain/(loss) (realised and unrealised)	**(£11.8m)**	**£45.4m**	**(£1.4m)**	**-**	**(£2.9m)**	**£29.3m**	**£5.3m**	**£0.2m**	**£0.1m**	**£34.9m**	**-**	**£34.9m**
Number of portfolio companies [1]	**38**	**13**	**38**	**2**	**n/a**	**91**	**27**	**10**	**-**	**128**	**-**	**128**
Cost of holdings sold in HY20	**£0.9m**	**£12.3m**	**£25.5m**	**£6.2m**	**-**	**£44.9m**	**-**	**-**	**-**	**£44.9m**	**-**	**£44.9m**
Proceeds of holdings sold in HY20 - cash	**£2.8m**	**£73.4m**	**£29.4m**	**£7.3m**	**£0.8m**	**£113.7m**	**-**	**-**	**-**	**£113.7m**	**-**	**£113.7m**
Attention:												
Top 20	**£117.4m**	**£70.4m**	**£466.4m**	**£16.7m**	**-**	**£670.9m**	**£26.3m**	**-**	**£12.1m**	**£709.3m**	**£0.2m**	**£709.5m**
Focus	**£36.3m**	**£21.5m**	**£50.3m**	**-**	**-**	**£108.1m**	**£9.9m**	**£1.7m**	**£4.2m**	**£123.9m**	**-**	**£123.9m**
Other	**£39.2m**	**£6.4m**	**£71.9m**	**£2.8m**	**-**	**£120.3m**	**£31.9m**	**£4.0m**	**£9.9m**	**£166.1m**	**£4.9m**	**£171.0m**
Organic and De minimis	**-**	**-**	**-**	**-**	**£12.7m**	**£12.7m**	**-**	**-**	**-**	**£12.7m**	**£7.9m**	**£20.6m**

1. Excluding organic and de minimis (88 companies)

Financial Review

The Group recorded a profit for the period of £11.7m (HY19: loss of £49.5m; FY19: loss of £78.8m) and a positive Return on Hard NAV of £14.2m (HY19: negative return of £46.9m; FY19: negative return of £73.7m), representing 1.08p per share (HY19: loss of 4.45p; FY19: loss of 7.12p).

At 30 June 2020 net assets were £1,156.8m (HY19: £1,172.4m; FY19: £1,141.9m) and Hard NAV totalled £1,156.4m (HY19: £1,171.8m; FY19: £1,141.5m), representing 108.8p per share (HY19: 110.6p; FY19: 107.8p).

Consolidated statement of comprehensive income

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

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Net portfolio gains	**34.9**	(36.7)	(43.9)
Change in fair value of limited and limited liability partnership interests	**(3.7)**	0.7	(0.7)
Net overheads	**(10.3)**	(11.7)	(22.6)
Administrative expenses – consolidated portfolio companies	**(0.2)**	(1.9)	(5.4)
Administrative expenses –share-based payments charge	**(1.3)**	(0.9)	(2.3)
IFRS3 charge in respect of acquisition of subsidiary	**(1.2)**	(1.6)	(2.5)
Carried interest plan provision (charge)/release	**(6.0)**	3.6	1.3
Amortisation of intangible assets	**–**	(0.1)	(0.3)
Net finance (expense)	**(0.5)**	(0.9)	(2.4)
Taxation	**–**	–	(0.1)
Profit/ (loss) for the period	**11.7**	(49.5)	(78.9)
Other comprehensive income	**–**	–	0.1
Total comprehensive income/ (loss) for the period	**11.7**	(49.5)	(78.8)
Exclude:			
Amortisation of intangible assets	**–**	0.1	0.3
Share-based payment charge	**1.3**	0.9	2.3
IFRS3 charge in respect of acquisition of subsidiary	**1.2**	1.6	2.5
Return on Hard NAV	**14.2**	(46.9)	(73.7)

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.

Net overheads

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Other income	**3.0**	3.8	8.6
Administrative expenses – all other expenses	**(12.2)**	(15.5)	(29.2)
Administrative expenses – annual incentive scheme	**(1.1)**	–	(2.0)
Net overheads	**(10.3)**	(11.7)	(22.6)

Other income comprises fund management fees, licensing and patent income, corporate finance 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. Other income for the period totalled £3.0m (HY19: £3.8m; FY19: £8.6m); the decline from the previous half year was largely as a result of the impact of COVID-19 on our EIS fund management business, and also due the transfer of future commercialisation operations of the Group's Technology Transfer Office to Imperial College London in 2019, as that operation was included in HY19 prior to its transfer on 28 February 2019.

Other central administrative expenses, excluding performance-based staff incentives and share-based payments charges, have decreased to £12.2m during the period (HY19: £15.5m; FY19: £29.2m), primarily as a result of cost savings realised from the transfer of the TTO noted above, as well as the surrender of the lease on 7 Air Street, the former Touchstone head office, on 22 March 2019. Offsetting these savings was a limited increase in the cost of the Group's non-UK operations. Of the £12.2m gross overheads, £3.3m relates to the cost of the Group's US, Australasian and Greater China operations (HY19: £3.0m; FY19: £5.8m).

The charge of £1.1m in respect of the Group's Annual Incentive Scheme, reflects a provisional assessment of performance against 2020 AIS targets, primarily relating to portfolio realisations achieved during the first half of the year (HY19: £nil; FY19: £2.0m).

Other income statement items
The share-based payments charge of £1.3m (HY19: £0.9m; FY19: £2.3m) reflects the accounting charge for the Group's Long-Term Incentive Plan and Deferred Bonus Share 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.

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 takes a controlling stake and hence consolidates 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. These costs included consolidated costs in respect of MOBILion Systems, Inc., for the first half of 2019 until its deconsolidation on 1 July 2019.

The carried interest plan charge of £6.0m (HY19: £3.6m release; FY19: £1.3m release) relates to the recalculation of liabilities under the Group's carry schemes, which include a scheme for the combined UK investment teams, as well as historic IP Group and Touchstone schemes. Following significant realisations from the Group's portfolio in 2020, sufficient asset realisations in excess of the performance hurdle have now occurred, which will result in the first payments under the scheme in the second half of 2020.

Costs of £1.2m (HY19: £1.6m; FY19: £2.5m) were recognised in relation to deferred and contingent consideration payable to the sellers of Parkwalk Advisors Limited deemed under IFRS3 to be a payment for post-acquisition services.

Consolidated statement of financial position
A summary analysis of the Group's assets and liabilities is provided below:

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Goodwill and other intangible assets	**0.4**	0.6	0.4
Portfolio	**1,025.0**	1,127.0	1,045.6
Other non-current assets	**20.5**	24.1	22.5
Cash and deposits	**245.3**	161.1	194.9
EIB debt facility	**(74.8)**	(90.1)	(82.5)
Other net current liabilities	**(1.7)**	(20.8)	6.3
Other non-current liabilities	**(57.9)**	(29.5)	(45.3)
Total Equity or Net Assets	**1,156.8**	1,172.4	1,141.9
Exclude:			
Goodwill and other intangible assets	**(0.4)**	(0.6)	(0.4)
Hard NAV	**1,156.4**	1,171.8	1,141.5
Hard NAV per share	**108.8p**	110.6p	107.8p

The composition of, and movements in, the Group's portfolio are described in the *Portfolio review* above.

Portfolio Valuation Basis

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Quoted	**92.3**	113.1	117.7
Recent financing (<12 months)	**487.3**	264.6	455.3
Recent financing (>12 months)	**209.2**	438.9	251.1
Other valuation methods	**205.5**	274.6	197.8
Debt	**30.7**	35.8	23.7
Total portfolio	**1,025.0**	1,127.0	1,045.6

The table above summarises the valuation basis for the Group's portfolio. Further details on the Group's valuation policy can be found in note 3 and in the 2019 Annual Report and Accounts**.** The Group seeks to use observable market data as the primary basis for determining asset fair values where appropriate. Other valuation methods include: market-derived valuations adjusted to reflect considerations including (inter alia) technical measures, financial measures and market and sales measures; discounted cash flows and price-earnings multiples.

The Group engages third party valuation specialists to provide valuation support where required; during the period we commissioned third party valuations on three out of the top 20 holdings (HY19: four; FY19: ten).

Assessing the impact of COVID-19 on the Group's portfolio valuations

As part of the Group's half-yearly valuation process, we have carefully considered the impact of COVID-19 on valuation of the Group's portfolio, with key considerations including:

- The 31 March 2020 special valuation guidance issued by the IPEV Board
- Further tailored guidance on the impact of COVID-19 provided by the Group's external valuation advisors
- A COVID-19 impact assessment focussing on commercial and funding risk which was carried out for the majority of the Group's portfolio
- Additional consideration over the continued appropriateness of using recent financing as the valuation basis
- An additional focus on the funding and liquidity risk of each company

Given the breadth of the Group's investment portfolio in terms of geography, sector and business model we have observed a significant variation in the impact of the COVID-19 pandemic across the portfolio.

Other Assets/Liabilities

The majority of non-current assets relate to holdings in LP and LLP funds, namely UCL Technology Fund LP, Apollo Therapeutics LLP and Technikos LLP. These funds give us both economic interest and direct investment opportunities in a portfolio of early-stage companies, as well as relationships with high-quality institutional co-investors.

The largest items within other non-current liabilities are loans from LPs of consolidated funds. The Group consolidates the assets of two managed funds in which it has a significant economic interest, specifically co-investment fund IP Venture Fund II LP and IPG Cayman LP. The latter was created in late 2018 to facilitate third-party investment into the Group's US portfolio. Loans from third parties of consolidated funds represent third-party loans into these partnerships. These loans are repayable only upon these funds generating sufficient realisations to repay the Limited Partners.

The Group has debt facilities with the European Investment Bank ("EIB"), total borrowings under which totalled £74.8m at the period end (HY19: £90.1m, FY19: £82.5m). Of these facilities, £15.4m is due to be repaid within twelve months of the period end (HY19: £15.4m, FY19: £15.4m). The facilities provide the Group with an additional source of long-term capital to support its future growth and development.

Cash and deposits

The principal constituents of the movement in cash and deposits during the period are as follows:

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Net Cash used in operating activities	**(16.3)**	(15.4)	(17.3)
Net Cash (used in)/generated by investing activities (excluding cash flows from deposits)	**75.0**	(37.4)	9.3
Cash disposed via deconsolidation of subsidiary	**–**	–	(2.5)
Repayment/Drawdown of debt facility	**(7.7)**	(7.7)	(15.3)
Other financing activities	**(0.6)**	2.6	1.7
Movement during period	**50.4**	(57.9)	(24.1)

At 30 June 2020, the Group's cash and deposits totalled £245.3m, an increase of £50.4m from a total of £194.9m at 31 December 2019, predominantly due to inflows of investing activities of £75.0m, a £16.3m cash outflow from operations and a £7.7m cash outflow from the repayment of debt.

A categorisation of the Group's cash and deposits is provided below:

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m	Year ended 31 December 2019 £m
Held within Group subsidiaries	**238.9**	149.6	188.1
Held by consolidated funds – US portfolio	**5.9**	8.6	5.8
Held by consolidated funds – all other funds	**0.2**	0.2	0.5
Held by consolidated portfolio companies	**0.3**	2.7	0.5
Total cash and deposits	**245.3**	161.1	194.9

Under the terms of its term loans with the EIB, the Group is required to maintain a minimum cash balance of £30m. The Group is also required to hold six months of debt service costs (interest and capital repayments) in a separate bank account, which totalled £9.4m at 30 June 2020 (FY19: £9.4m; HY19: £9.4m).

Taxation

The Group's business model seeks to deliver long-term value to its stakeholders through the commercialisation of fundamental research carried out at its partner universities. To date, this has been largely achieved through the formation of, and provision of services and development capital to, spin-out companies formed around the output of such research. The Group primarily seeks to generate capital gains from its holdings in spin-out companies over the longer term but has historically made annual net operating losses from its operations from a UK tax perspective. Capital gains achieved by the Group would ordinarily be taxed upon realisation of such holdings; however, since the Group typically holds in excess of 10% in its portfolio companies and those companies are themselves trading, the Directors continue to believe that the majority of its holdings will qualify 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. Gains arising on sales of non-qualifying holdings would ordinarily give rise to taxable profits for the Group, to the extent that these exceed the Group's operating losses from time to time.

Alternative Performance Measures ("APMs")

The Group discloses alternative performance measures, such as Hard NAV and Return on Hard NAV, in this Half-yearly Results Release. The Directors believe that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. Further information on APMs utilised in the Group is set out in note 29 of the Group's 2019 Annual Report and Accounts.

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 2019 Annual Report and Accounts. The principal risks and uncertainties are summarised as follows:

- it may be difficult for the Group to maintain the required level of capital to continue to operate at optimum levels of investment, activity and overheads;
- it may be difficult for the Group's portfolio companies to attract sufficient 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 the 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;
- there may be changes to, impacts from, or failure to comply with, legislation, government policy and regulation;
- the Group may be subjected to Phishing and Ransomware attacks, data leakage and hacking; and
- the Group may be negatively impacted operationally as a result of its recent international expansion.

The Group reviewed its operational, strategic and principal risk registers in the period including considering the impact of the COVID-19 pandemic on the Group. Given the significant global impact of the COVID-19 pandemic, we have made an interim assessment on the impact of the Group's principal risks as follows:

Principal Risk	2020 developments including COVID-19 Impact	Change from 2019
Insufficient capital: Group	• Following significant realisations in the year, the Group's liquidity position is significantly stronger than at the start of the year. • The COVID-19 pandemic may have resulted in a reduced ability to source additional equity and debt financing	Decreased
Insufficient capital: Portfolio companies	• 2020 has seen the completion of a number of successful financing transactions post the onset of COVID-19, however we have also seen a number of delayed transactions or transactions that have taken place at reduced valuations	Increased
Uncertain investment returns	• While we believe the Group's portfolio is well positioned to benefit from the challenges that the COVID-19 pandemic presents, we acknowledge that we may see increased volatility in public and private market valuation	Increased
Failure of university relationships	• While the COVID-19 pandemic clearly presents significant challenges for the university sector, the Group's current focus on its increasingly mature UK portfolio reduces the risk associated with any reduced ability to source new opportunities	Decreased
Personnel risk	• The health and wellbeing of our staff remains a key concern. We have increased our internal communications significantly, offered a range of wellbeing support mechanisms and solicited regular feedback from employees during this period	Unchanged
Macroeconomic conditions	• COVID-19 presents an increased level of macroeconomic risk to the Group	Increased
Legislation, governance and regulation	• We have maintained our focus on legalisation, governance and regulation over this period	Unchanged
Cyber & IT security	• While the Group has continued to increase its Cyber and IT security controls and its systems are designed to facilitate remote working, reported incidents of Cybercrime have increased during the COVID-19 pandemic	Increased
International operations	• While regular travel between the Group's UK and other territories has ceased, increased use of videoconferencing and increased internal communications have mitigated this impact	Unchanged

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2020

	Note	**Unaudited six months ended 30 June 2020 £m**	Unaudited six months ended 30 June 2019 £m	Audited year ended 31 December 2019 £m
Portfolio return and revenue				
Change in fair value of equity and debt investments	3	**9.4**	(37.0)	(70.6)
Gain on disposal of equity investments	4	**25.5**	0.3	16.1
Gain on deconsolidation of subsidiary		**–**	–	10.6
Change in fair value of limited and limited liability partnership interests		**(3.7)**	0.7	(0.7)
Revenue from services and other income		**3.0**	3.8	8.6
		34.2	(32.2)	(36.0)
Administrative expenses				
Carried interest plan release/(charge)		**(6.0)**	3.6	1.3
Share-based payment charge		**(1.3)**	(0.9)	(2.3)
Amortisation of intangible assets		**–**	(0.1)	(0.3)
Other administrative expenses		**(14.7)**	(19.0)	(39.1)
		(22.0)	(16.4)	(40.4)
Operating profit/ (loss)		**12.2**	(48.6)	(76.4)
Finance income		**0.6**	0.6	1.2
Finance costs		**(1.1)**	(1.5)	(3.6)
Profit/ (loss) before taxation		**11.7**	(49.5)	(78.8)
Taxation		**-**	–	(0.1)
Profit/ (loss) for the period		**11.7**	(49.5)	(78.9)
Other comprehensive income				
Exchange differences on translating foreign operations		**–**	–	0.1
Total comprehensive income/ (loss) for the period		**11.7**	(49.5)	(78.8)
Attributable to:				
Equity holders of the parent		**11.5**	(47.1)	(75.4)
Non-controlling interest		**0.2**	(2.4)	(3.4)
		11.7	(49.5)	(78.8)
Earnings per share				
Basic (p)	2	**1.08**	(4.45)	(7.12)
Diluted (p)	2	**1.08**	(4.45)	(7.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	**Unaudited six months ended 30 June 2020 £m**	Unaudited six months ended 30 June 2019 £m	Audited year ended 31 December 2019 £m
ASSETS				
Non-current assets				
Intangible assets:				
Goodwill		**0.4**	0.4	0.4
Acquired intangible assets		**–**	0.2	–
Property, plant and equipment		**1.0**	1.9	1.1
Portfolio:				
Equity investments	3	**994.3**	1,091.2	1,021.9
Debt investments	3	**30.7**	35.8	23.7
Limited and limited liability partnership interests		**19.5**	22.2	21.4
Total non-current assets		**1,045.9**	1,151.7	1,068.5
Current assets				
Trade and other receivables		**4.3**	7.1	5.0
Receivable from sale of equity investments		**5.1**	–	27.3
Deposits		**102.6**	50.0	73.0
Cash and cash equivalents		**142.7**	111.1	121.9
Total current assets		**254.7**	168.2	227.2
Total assets		**1,300.6**	1,319.9	1,295.7
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Called up share capital	5	**21.3**	21.2	21.2
Share premium account		**101.7**	684.7	99.7
Merger reserve		**–**	372.6	–
Retained earnings		**1,033.1**	89.4	1,020.5
Total equity attributable to equity holders		**1,156.1**	1,167.9	1,141.4
Non-controlling interest		**0.7**	4.5	0.5
Total equity		**1,156.8**	1,172.4	1,141.9
Current liabilities				
Trade and other payables		**11.1**	12.4	26.0
EIB debt facility		**15.4**	15.4	15.4
Non-current liabilities				
EIB debt facility		**59.4**	74.7	67.1
Carried interest plan liability		**11.5**	3.3	5.5
Loans from limited partners of consolidated funds		**33.6**	25.9	26.0
Revenue share liability	3	**12.8**	15.8	13.8
Total equity and liabilities		**1,300.6**	1,319.9	1,295.7

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Note	**Unaudited six months ended 30 June 2020 £m**	Unaudited six months ended 30 June 2019 £m	Audited year ended 31 December 2019 £m
Operating activities				
Operating profit/(loss) for the period		**12.2**	(48.6)	(76.4)
Adjusted for:				
Change in fair value of equity and debt investments	3	**(9.4)**	37.0	70.6
Gain on disposal of equity investments	4	**(25.5)**	(0.3)	(16.1)
Change in fair value of limited and limited liability partnership interests		**3.7**	(0.7)	0.7
Gain on deconsolidation of subsidiary		**–**	–	(10.6)
Depreciation of property, plant and equipment		**0.7**	1.5	1.2
Amortisation of intangible non-current assets		**–**	0.1	0.3
Long term incentive carry scheme charge/(release)		**6.0**	(3.6)	(1.3)
IFRS3 charge in respect of acquisition of subsidiary – equity-settled		**2.0**	–	–
Share-based payment charge		**1.3**	0.9	2.3
Changes in working capital				
Decrease in trade and other receivables		**0.7**	0.8	1.6
Decrease/(increase) in trade and other payables		**(14.9)**	(4.6)	9.5
Loans from limited partners of consolidated funds		**7.6**	3.0	3.0
Other operating cash flows				
Net interest paid		**(0.7)**	(0.9)	(2.1)
Net cash outflow from operating activities		**(16.3)**	(15.4)	(17.3)
Investing activities				
Purchase of property, plant and equipment		**–**	(1.3)	(0.7)
Purchase of equity and debt investments	3	**(36.9)**	(39.0)	(64.7)
Investment in limited and limited liability partnership funds		**(1.8)**	(4.7)	(6.8)
Distributions from limited partnership funds		**–**	0.5	2.0
Net cash flow (to)/from deposits		**(29.6)**	40.0	17.0
Cash disposed via deconsolidation of subsidiary		**–**	–	(2.5)
Proceeds from sale of equity investments		**113.7**	7.1	79.5
Net cash inflow from investing activities		**45.4**	2.6	23.8
Financing activities				
Proceeds from the issue of share capital by consolidated portfolio company		**–**	3.2	2.9
Lease principal payment		**(0.6)**	(0.6)	(1.2)
Repayment of EIB facility		**(7.7)**	(7.7)	(15.3)
Net cash outflow from financing activities		**(8.3)**	(5.1)	(13.6)
Net decrease in cash and cash equivalents		**20.8**	(17.9)	(7.1)
Cash and cash equivalents at the beginning of the year		**121.9**	129.0	129.0
Cash and cash equivalents at the end of the year		**142.7**	111.1	121.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	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 2018 (audited)	21.2	684.7	372.6	135.8	1,214.3	3.9	1,218.2
Comprehensive income	–	–	–	(47.1)	(47.1)	(2.4)	(49.5)
Issue of equity by consolidated portfolio company	–	–	–	–	–	3.0	3.0
Purchase of treasury stock	–	–	–	(0.2)	(0.2)	–	(0.2)
Equity-settled share-based payments	–	–	–	0.9	0.9	–	0.9
At 30 June 2019 (unaudited)	21.2	684.7	372.6	89.4	1,167.9	4.5	1,172.4
Capital reduction	–	(585.0)	(372.6)	957.6	–	–	–
Comprehensive income	–	–	–	(28.3)	(28.3)	(4.0)	(32.3)
Equity-settled share-based payments	–	–	–	1.4	1.4	–	1.4
Currency translation	–	–	–	0.4	0.4	–	0.4
At 31 December 2019 (audited)	21.2	99.7	–	1,020.5	1,141.4	0.5	1,141.9
Comprehensive income	–	–	–	**11.5**	**11.5**	**0.2**	**11.7**
Issue of equity	**0.1**	**2.0**	–	–	**2.1**	–	**2.1**
Equity-settled share-based payments	–	–	–	**1.3**	**1.3**	–	**1.3**
Currency translation	–	–	–	**(0.2)**	**(0.2)**	–	**(0.2)**
At 30 June 2020 (unaudited)	**21.3**	**101.7**	–	**1,033.1**	**1,156.1**	**0.7**	**1,156.8**

NOTES TO THE HALF-YEARLY CONDENSED SET OF FINANCIAL STATEMENTS

1. Operating Segments

For each of the periods below, the Group's revenue and profit before taxation were derived largely from its principal activities within the UK.

For management reporting purposes, the Group is currently organised into two operating segments:

i. the commercialisation of intellectual property via the formation of long-term partner relationships with universities;
ii. the management of venture capital funds focusing on early-stage UK technology companies;

Consideration has been given to whether the UK Life Sciences and Technology partnerships or the US and Australasian operations represent separate reporting segments. In light of the executive-level management of several strategic assets in the portfolio, the involvement of the Board in the investment approval process for larger investments, and following consideration of the criteria for aggregation of operating segments, we conclude that this is not the case.

Six months ended 30 June 2020 (unaudited)	University partnership business £m	Venture capital fund management £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue			
Change in fair value of equity and debt investments	**9.4**	**–**	**9.4**
Gain on disposal of equity investments	**25.5**	**–**	**25.5**
Change in fair value of limited and limited liability partnership interests	**(3.7)**	**–**	**(3.7)**
Revenue from services and other income	**1.0**	**2.0**	**3.0**
	32.2	**2.0**	**34.2**
Administrative expenses			
Carried interest plan charge	**(6.0)**	**–**	**(6.0)**
Share-based payment charge	**(1.3)**	**–**	**(1.3)**
Other administrative expenses	**(12.8)**	**(1.9)**	**(14.7)**
	(20.1)	**(1.9)**	**(22.0)**
Operating profit	**12.1**	**0.1**	**12.2**
Finance income	**0.6**	**–**	**0.6**
Finance costs	**(1.1)**	**–**	**(1.1)**
Profit before taxation	**11.6**	**0.1**	**11.7**
Taxation	**–**	**–**	**—**
Profit for the period	**11.6**	**0.1**	**11.7**
STATEMENT OF FINANCIAL POSITION			
Assets	**1,286.3**	**14.3**	**1,300.6**
Liabilities	**(141.2)**	**(2.6)**	**(143.8)**
Net Assets	**1,145.1**	**11.7**	**1,156.8**
Other segment items			
Capital expenditure	**–**	**–**	**–**
Depreciation	**(0.7)**	**–**	**(0.7)**

Six months ended 30 June 2020 (unaudited)	UK £m	Non-UK £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue	28.9	5.3	34.2
Administrative expenses	(18.3)	(3.7)	(22.0)
Operating profit	10.6	1.6	12.2
Net interest	(0.5)	–	(0.5)
Profit before taxation	10.1	1.6	11.7
Taxation	–	–	–
Profit for the period	10.1	1.6	11.7

Six months ended 30 June 2020 (unaudited)	UK £m	Non-UK £m	Consolidated £m
Statement of Financial Position by Geography			
Current assets	245.7	9.0	254.7
Non-current assets	963.3	82.6	1,045.9
Current liabilities	(26.2)	(0.3)	(26.5)
Non-current liabilities	(100.4)	(16.9)	(117.3)
Total equity	1,082.4	74.4	1,156.8

Six months ended 30 June 2019 (unaudited)	University partnership business £m	Venture capital fund management £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue			
Change in fair value of equity and debt investments	**(37.0)**	**–**	**(37.0)**
Gain on disposal of equity investments	**0.3**	**–**	**0.3**
Change in fair value of limited and limited liability partnership interests	**0.7**	**–**	**0.7**
Revenue from services and other income	**1.4**	**2.4**	**3.8**
	(34.6)	**2.4**	**(32.2)**
Administrative expenses			
Carried interest plan release	**3.6**	**–**	**3.6**
Share-based payment charge	**(0.9)**	**–**	**(0.9)**
Amortisation of intangible assets	**(0.1)**	**–**	**(0.1)**
Other administrative expenses	**(17.3)**	**(1.7)**	**(19.0)**
	(14.7)	**(1.7)**	**(16.4)**
Operating profit/(loss)	**(49.3)**	**0.7**	**(48.6)**
Finance income	**0.6**	**–**	**0.6**
Finance costs	**(1.5)**	**–**	**(1.5)**
Profit/ (loss) before taxation	**(50.2)**	**0.7**	**(49.5)**
Taxation	**–**	**–**	**—**
Profit/ (loss) for the period	**(50.2)**	**0.7**	**(49.5)**
STATEMENT OF FINANCIAL POSITION			
Assets	**1,299.2**	**20.7**	**1,319.9**
Liabilities	**(138.3)**	**(9.2)**	**(147.5)**
Net Assets	**1,160.9**	**11.5**	**1,172.4**
Other segment items			
Capital expenditure	**1.3**	**–**	**1.3**
Depreciation	**(1.5)**	**–**	**(1.5)**

Six months ended 30 June 2019 (unaudited)	UK £m	Non-UK £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue	(34.9)	2.7	(32.2)
Administrative expenses	(11.1)	(5.3)	(16.4)
Operating loss	(46.0)	(2.6)	(48.6)
Net interest	(0.9)	–	(0.9)
Loss before taxation	(46.9)	(2.6)	(49.5)
Taxation	–	–	–
Loss for the period	(46.9)	(2.6)	(49.5)

Six months ended 30 June 2019 (unaudited)	UK £m	Non-UK £m	Consolidated £m
Statement of Financial Position by Geography			
Current assets	152.7	15.5	168.2
Non-current assets	1,097.2	54.5	1,151.7
Current liabilities	(23.6)	(4.2)	(27.8)
Non-current liabilities	(110.0)	(9.7)	(119.7)
Total equity	1,116.3	56.1	1,172.4

Year ended 31 December 2019 (audited)	University partnership business £m	Venture capital fund management £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue			
Change in fair value of equity and debt investments	**(70.6)**	**–**	**(70.6)**
Gain on disposal of equity investments	**16.1**	**–**	**16.1**
Gain on deconsolidation of subsidiary	**10.6**	**–**	**10.6**
Change in fair value of limited and limited liability partnership interests	**(0.7)**	**–**	**(0.7)**
Revenue from services and other income	**3.1**	**5.5**	**8.6**
	(41.5)	**5.5**	**(36.0)**
Administrative expenses			
Carried interest plan release	**1.3**	**–**	**1.3**
Share-based payment charge	**(2.3)**	**–**	**(2.3)**
Amortisation of intangible assets	**(0.3)**	**–**	**(0.3)**
Other administrative expenses	**(35.0)**	**(4.1)**	**(39.1)**
	(36.3)	**(4.1)**	**(40.4)**
Operating profit/(loss)	**(77.8)**	**1.4**	**(76.4)**
Finance income	**1.1**	**0.1**	**1.2**
Finance costs	**(3.6)**	**–**	**(3.6)**
Profit/ (loss) before taxation	**(80.3)**	**1.5**	**(78.8**
Taxation	**(0.1)**	**–**	**(0.1)**
Profit/ (loss) for the year	**(80.4)**	**1.5**	**(78.9)**
STATEMENT OF FINANCIAL POSITION			
Assets	**1,276.0**	**19.7**	**1,295.7**
Liabilities	**(146.2)**	**(7.6)**	**(153.8)**
Net Assets	**1,129.8**	**12.1**	**1,141.9**
Other segment items			
Capital expenditure	**0.5**	**0.2**	**0.7**
Depreciation	**(1.1)**	**(0.1)**	**(1.2)**

Year ended 31 December 2019 (audited)	UK £m	Non-UK £m	Consolidated £m
STATEMENT OF COMPREHENSIVE INCOME			
Portfolio return and revenue	(47.2)	11.2	(36.0)
Administrative expenses	(29.4)	(11.0)	(40.4)
Operating (loss)/profit	(76.6)	0.2	(76.4)
Net interest	(2.4)	–	(2.4)
(Loss)/profit before taxation	(79.0)	0.2	(78.8)
Taxation	–	(0.1)	(0.1)
(Loss)/profit for the year	(79.0)	0.1	(78.9)

Year ended 31 December 2019 (audited)	UK £m	Non-UK £m	Consolidated £m
Statement of Financial Position by Geography			
Current assets	220.2	7.0	227.2
Non-current assets	1,001.3	67.2	1,068.5
Current liabilities	(40.0)	(1.4)	(41.4)
Non-current liabilities	(103.0)	(9.4)	(112.4)
Total equity	1,078.5	63.4	1,141.9

2. Earnings per Share

(Loss)/earnings	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 £m	Audited year ended 31 December 2019 £m
Earnings for the purposes of basic and dilutive earnings per share	11.5	(47.1)	(75.4)

Number of shares	Unaudited six months ended 30 June 2020 Number of shares	Unaudited six months ended 30 June 2019 Number of shares	Audited year ended 31 December 2019 Number of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,060,784,430	1,059,144,595	1,059,144,595
Effect of dilutive potential ordinary shares:			
Options or contingently issuable shares	755,402	–	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1,061,539,832	1,059,144,595	1,059,144,595

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 regard 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 2019 and which will form the basis of the 2020 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.

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

	Level 1	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	Total £m
At 31 December 2018 (audited)	**133.2**	**961.9**	**33.1**	**1,128.2**
Investments during the period	3.4	21.6	14.0	39.0
Transaction-based reclassifications during the period	–	6.6	(6.6)	–
Other transfers between hierarchy levels during the period	(3.5)	4.5	(1.0)	–
Disposals during the period	(0.1)	(6.7)	(0.0)	(6.8)
Change in revenue share	–	3.6	–	3.6
Change in fair value in the period	(19.9)	(13.4)	(3.7)	(37.0)
At 30 June 2019 (unaudited)	**113.1**	**978.1**	**35.8**	**1,127.0**
Investments during the period	2.9	14.6	8.2	25.7
Transaction-based reclassifications during the period	–	3.7	(3.7)	–
Other transfers between hierarchy levels during the period	3.5	(3.5)	–	–
Disposals during the period	(8.9)	(74.9)	(0.1)	(83.9)
Fees settled via equity	–	11.2	–	11.2
Change in revenue share	(0.6)	(0.2)	–	(0.8)
Change in fair value in the period	7.5	(24.6)	(16.5)	(33.6)
At 31 December 2019 (audited)	**117.5**	**904.4**	**23.7**	**1,045.6**
Investments during the period	**5.8**	**18.9**	**12.2**	**36.9**
Transaction-based reclassifications during the period	–	**3.5**	**(3.5)**	–
Disposals during the period	**(56.0)**	**(10.0)**	**(0.1)**	**(66.1)**
Change in revenue share (i)	–	**(0.8)**	–	**(0.8)**
Change in fair value in the period (ii)	**25.0**	**(14.0)**	**(1.6)**	**9.4**
At 30 June 2020 (unaudited)	**92.3**	**902.0**	**30.7**	**1,025.0**

(i) For description of revenue share arrangement see description below.

(ii) The change in fair value in the year includes a gain of £5.2m (HY19: gain of £0.3m; FY19: loss of £1.4m) in exchange differences on translating foreign currency investments. The total unrealised change in fair value in respect of Level 3 investments was a loss of £15.6m (HY19: loss of £17.1m; FY19: loss of £53.1m).

Unquoted equity and debt investment are measured in accordance with IPEV guidelines (including the 31 March 2020 special valuation guidance issued by the IPEV Board) with reference to the most appropriate information available at the time of measurement. In addition to recent financing transactions, significant unobservable inputs used in the fair value measurement include (inter alia) portfolio-company specific milestone analysis, estimated clinical trial success rates, exit ranges, scenario probabilities and discount factors. Where relevant, multiple valuation approaches may be used in arriving at an estimate of fair value for an individual asset. Such inputs are typically portfolio-company specific and therefore cannot be aggregated for the purposes of portfolio-level sensitivity analysis. For Level 3 companies where a DCF approach has been used, a 1% increase/decrease in the discount rate used would equate to a £18.9m increase/decrease in fair value. For further discussion of COVID-19 specific valuation considerations, see discussion in the Financial Review section above.

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 re-assessing 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 levels are then made as if the transfer took place on the first day of the period in question, except in the cases of transfers between tiers based on an initial public offering ("IPO") of an investment wherein the changes in value prior to the IPO are calculated and reported in level 3, and those changes post are attributed to level 1.

Transfers between Level 3 and Level 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, transfers of this nature amounted to £nil (HY19: £nil, FY19: £nil). Transfers between Level 1 and Level 3 would occur when a quoted investment's market becomes inactive, or the portfolio company elects to delist. There have been no such instances in the current period (HY19: no such instances, FY19: no such instances).

Transfers between Level 3 debt and Level 3 equity occur upon conversion of convertible debt into equity.

Within level 3 equity investments, the distribution by total portfolio company holding value is as follows:

	Unaudited Six months ended 30 June 2020 £m	Unaudited Six months ended 30 June 2019 £m	Audited Year ended 31 December 2019 £m
Portfolio companies valued at >£10m	**670.6**	725.8	684.2
Portfolio companies valued at £5m-£10m	**125.9**	143.2	104.9
Portfolio companies valued at £1.5m-£5m	**74.4**	83.9	88.0
Portfolio companies valued at < £1.5m	**31.1**	25.2	27.3
Total portfolio	**902.0**	978.1	904.4

Under the Group's former Technology Pipeline Agreement with Imperial College London, the Group received founder equity in spin out companies from Imperial College. Following a sale of such founder equity stakes, a pre-specified 'revenue share' (typically 50%) is payable to Imperial College and other third parties. As at 30 June 2020 equity investments which were subject to revenue sharing obligations totalled £13.0m (HY19: £14.8m, FY19: £13.8m). A corresponding non-current liability is recognised in respect of these revenue sharing obligations.

4. Gain on disposal of equity

	Unaudited Six months ended 30 June 2020 £m	Unaudited Six months ended 30 June 2019 £m	Audited Year ended 31 December 2019 £m
Disposal proceeds	113.7	7.1	79.5
(Decrease)/increase in amounts receivable on sale of equity investments	(22.0)	–	27.3
Carrying value of investments	(66.2)	–	(90.7)
Profit on disposal	25.5	0.3	16.1

Movements in amounts receivable on sale of equity and debt investments include £22.0m in respect of shares in Oxford Nanopore Technologies Limited sold on 31 December 2019 and for which payment was received in February 2020.

5. Share Capital

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Issued and fully paid:			
1,062,353,734 ordinary shares of 2p each (HY19: 1,059,144,595; FY19: 1,059,144,595)	21.3	21.2	21.2

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.

6. 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 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:

Statement of comprehensive income	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 £m	Audited year ended 31 December 2019 £m
Revenue from services	–	0.1	0.1

Statement of financial position	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 £m	Audited year ended 31 December 2019 £m
Investment in limited partnerships	–	4.4	5.6
Amounts due from related parties	–	0.1	–

b) Key management transactions

The following key management held shares in the following spin-out companies as at 30 June 2020:

Director/ PDMR	Company name	Number of shares held at 1 January 2020	Number of shares acquired/ (disposed of) in the period	**Number of shares held at 30 June 2020**	%
Alan Aubrey	Accelercomm Limited	638	–	638	0.24%
	Alesi Surgical Limited	18	–	18	0.14%
	Amaethon Limited — A Shares	104	–	104	3.12%
	Amaethon Limited — B Shares	11,966	–	11,966	1.04%
	Amaethon Limited — Ordinary shares	21	–	21	0.32%
	Avacta Group plc [2 4]	191,334	–	191,334	<0.1%
	Boxarr Limited	1,732	–	1,732	0.24%
	Capsant Neurotechnologies Limited [1]	11,631	(11,631)	–	–
	Crysalin Limited	1,447	–	1,447	0.13%
	Deep Matter Group plc	2,172,809	–	2,172,809	0.30%
	Ditto AI Limited — Ordinary shares	1,097,912,028	–	1,097,912,028	12.41%
	Ditto AI Limited — B Shares	98,876,568	–	98,876,568	1.12%
	Diurnal Group plc	15,000	–	15,000	<0.1%
	EmDot Limited	15	–	15	0.87%
	Istesso Limited	1,185,150	–	1,185,150	1.05%
	Itaconix plc	88,890	–	88,890	<0.1%
	Karus Therapeutics Limited	223	–	223	<0.1%
	Microbiotica Limited	10,000	–	10,000	<0.1%
	Mirriad Advertising plc	33,333	–	33,333	<0.1%
	Modern Water plc	519,269	–	519,269	0.42%
	Open Orphan plc [2 3]	91,785	–	91,785	<0.1%
	Oxbotica Limited	29	–	29	<0.1%
	Oxford Advanced Surfaces Limited	1	–	1	<0.1%
	Oxford Nanopore Technologies Limited	92,725	–	92,725	0.31%

Director/ PDMR	Company name	Number of shares held at 1 January 2020	Number of shares acquired/ (disposed of) in the period	**Number of shares held at 30 June 2020**	%
Alan Aubrey	Perachem Holdings plc	108,350	–	108,350	0.29%
(continued)	Salunda Limited	53,639	–	53,639	<0.1%
	Surrey Nanosystems Limited	453	–	453	0.22%
	Tissue Regenix Group plc	2,389,259	9,785,600	12,174,859	0.16%
	Xeros Technology Group plc	22,847	–	22,847	<0.1%
	Zeetta Networks Limited	424	–	424	0.13%
Mike Townend	Amaethon Limited — A Shares	104	–	104	3.12%
	Amaethon Limited — B Shares	11,966	–	11,966	1.04%
	Amaethon Limited — Ordinary shares	21	–	21	0.32%
	Applied Graphene Materials plc	22,619	–	22,619	<0.1%
	Avacta Group plc [2]	20,001	(20,001)	–	<0.1%
	Capsant Neurotechnologies Limited[1]	11,282	(11,282)	–	–
	Creavo Technologies Limited	117	–	117	<0.1%
	Crysalin Limited	1,286	–	1,286	0.11%
	Deep Matter Group plc	932,944	–	932,944	0.13%
	Ditto AI Limited	613,048	–	613,048	<0.1%
	Diurnal Group plc	15,000	–	15,000	<0.1%
	EmDot Limited	14	–	14	0.81%
	Istesso Limited	1,185,150	–	1,185,150	1.05%
	Itaconix plc	64,940	–	64,940	<0.1%
	Mirriad Advertising plc	25,000	–	25,000	<0.1%
	Modern Water plc	575,000	–	575,000	0.46%
	Oxbotica Limited	26	–	26	<0.1%
	Oxford Advanced Surfaces Limited	1	–	1	<0.1%
	Oxford Nanopore Technologies Limited	28,651	–	28,651	<0.1%
	Perachem Holdings plc	113,222	–	113,222	0.30%
	Surrey Nanosystems Limited	404	–	404	0.20%
	Tissue Regenix Group plc	1,950,862	9,600,000	11,550,862	0.12%
	Ultraleap Holdings Limited	1,224	–	1,224	<0.1%
	Xeros Technology Group plc	35,499	–	35,499	<0.1%
Greg Smith	Alesi Surgical Limited	2	–	2	<0.1%
	Avacta Group plc [2]	3,904	(1,487)	2,417	<0.1%
	Capsant Neurotechnologies Limited[1]	896	(896)	–	–
	Crysalin Limited	149	–	149	<0.1%
	Ditto AI Limited	144,246	–	144,246	<0.1%
	Diurnal Group plc	15,000	–	15,000	<0.1%
	EmDot Limited	4	–	4	0.23%
	Istesso Limited	313,425	–	313,425	0.28%
	Itaconix plc	4,500	–	4,500	<0.1%
	Perachem Holdings plc	4,830	–	4,830	<0.1%
	Mirriad Advertising plc	16,667	–	16,667	<0.1%
	Modern Water plc	7,250	–	7,250	<0.1%
	Open Orphan plc [2 3]	151,510	–	151,510	<0.1%
	Oxbotica Limited	8	–	8	<0.1%
	Oxford Nanopore Technologies Limited	1,537	63	1,600	<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 plc	16,667	–	16,667	<0.1%

Director/ PDMR	Company name	Number of shares held at 1 January 2020	Number of shares acquired/ (disposed of) in the period	**Number of shares held at 30 June 2020**	%
David Baynes	Oxford Nanopore Technologies Limited	174	–	174	<0.1%
(continued)	Ultraleap Holdings Limited	2,600	–	2,600	<0.1%
	Zeetta Networks Limited	424	–	424	0.13%
Mark Reilly	Actual Experience plc	65,500	–	65,500	0.14%
	Ceres Power Holdings plc	5,697	(5,697)	–	–
	Diurnal Group plc	7,500	–	7,500	<0.1%
	Mirriad Advertising plc	66,666	–	66,666	<0.1%
	Oxbotica Limited	8	–	8	<0.1%
	Ultraleap Holdings Limited	1,700	–	1,700	<0.1%
	Wave Optics Limited	308	–	308	<0.1%
Sam Williams	Accelercomm Limited	127	–	127	<0.1%
	Alesi Surgical Limited	1	–	1	<0.1%
	Avacta Group plc [2]	19,537	(19,537)	–	–
	Creavo Medical Technologies Limited	23	–	23	<0.1%
	Diurnal Group plc	52,248	33,000	85,248	<0.1%
	Genomics plc	333	–	333	<0.1%
	Istesso Limited	7,048,368	–	7,048,368	8.89%
	Microbiotica Limited	7,000	–	7,000	<0.1%
	Mirriad Advertising plc	3,333	–	3,333	<0.1%
	Oxehealth Limited	27	–	27	<0.1%
	Oxford Nanopore Technologies Limited	340	124	464	<0.1%
	Topivert Limited	1,000	–	1,000	<0.1%
	Ultraleap Holdings Limited	558	–	558	<0.1%

[1] Capsant Neurotechnologies Limited has been liquidated.

[2] No longer a portfolio company at the balance sheet date

[3] Open Orphan plc acquired hVivo plc during H1 2020. Shares were issued 1:2.47, hVivo plc :Open Orphan plc

[4] Disclosed number reflects position at the point that Avacta ceased to be an IPG holding.

c) Portfolio companies

i) Services

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 2020 £m	Unaudited six months ended 30 June 2019 £m	Audited year ended 31 December 2019 £m
Revenue from services	0.1	0.2	0.5

Statement of financial position	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 £m	Audited year ended 31 December 201 £m
Trade receivables	0.1	0.2	0.2

ii) Investments

The Group makes investments in the equity and debt of unquoted and quoted investments where it does not have control but may be able to participate in the financial and operating policies of that company. It is presumed that it is possible to exert significant influence when the equity holding is greater than 20%. The Group has taken the investment entity exception as permitted by IFRS 10 and has not equity accounted for these investments, in accordance with IAS 28, but they are related parties. The total amounts included for investments where the Group has significant influence but not control are as follows:

Statement of comprehensive income	Unaudited six months ended 30 June 2020 £m	Unaudited six months ended 30 June 2019 £m	Audited year ended 31 December 2019 £m
Net portfolio losses	(20.4)	(12.1)	(54.2)

Statement of financial position	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Equity and debt investments	489.3	595.8	532.7

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:

	Unaudited 30 June 2020 £m	Unaudited 30 June 2019 £m	Audited 31 December 2019 £m
Intercompany balances with other Group companies	3.0	7.8	1.5

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

7. Events after the reporting period

On 13 July 2020, the Group sold 9.16 million ordinary shares in Ceres Power Holdings plc (“Ceres”) at a price of 585 pence per share before commission. The net proceeds from the sale of approximately £52.4m increases IP Group’s total cash realisations for the year to date to more than £168m.

On 3 August 2020, Oxford Nanopore Technologies Limited, announced an agreement with the UK’s Department of Health and Social Care, to roll out its novel LamPORE test, the company’s first diagnostic assay. This will support the UK’s efforts to manage the continued reduction of COVID-19 and containment of new cases, now and through the winter cold and flu season.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

General information
The comparative financial information presented herein for the year ended 31 December 2019 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 2019 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 this Half-yearly Results Release 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 2020.

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 2019, 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 4 August 2020, 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 2019.

Going concern
The Directors are required to satisfy themselves that it is reasonable to presume that the Group is a going concern. The Group's had cash and deposits of £245.3m as at 30 June 2020, and realised a further £54.4m in July 2020. In light of the Group's forecast net overhead costs, debt repayment obligations and other committed spend, the Directors are satisfied that in taking account of reasonably possible downsides including the potential impact of COVID-19, the Group has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future.

The Directors have considered the impact of the emergence and spread of COVID-19 and potential implications on the future of the Group. Whilst there are significant wider market uncertainties which may impact portfolio company investments via, for example, funding risk and commercial development risk, the Group does not believe this will significantly impact the liquidity of the Group over the next 12 months. Accordingly, the Directors have adopted the going concern basis in preparing these half-yearly results.

Accounting policies
The accounting policies applied by the Group in Half-yearly Results Release are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31 December 2019 and which will form the basis of the 2020 Annual Report and Accounts.

Additional guidance describing the components of portfolio fair value gains/losses which will be included in the Group's 2020 Annual Report and Accounts is presented as follows:

- Change in fair value of equity and debt investments is the movement in the fair value of investments in accordance with IFRS 13 between the start and end of the accounting period, or from the date of investment within the accounting period to the end of the accounting period.
- Gain on disposal of equity investments is the difference between the fair value of the consideration received in accordance with IFRS 13 (less any directly attributable costs) on the sale of equity and debt investments, and the investment's carrying value at the start of the accounting period.

Statement of Directors' responsibilities
The Directors confirm to the best of their knowledge that: the financial information in this Half-yearly Results Release has been prepared in accordance with IAS 34 as adopted by the European Union; and 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

SIR DOUGLAS FLINT	**ALAN AUBREY**
CHAIRMAN	CHIEF EXECUTIVE OFFICER

4 AUGUST 2020

INDEPENDENT REVIEW REPORT
TO IP GROUP PLC

Conclusion
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 2020 which comprises 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.

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 2020 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

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

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 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.

The purpose of our review 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 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.

Jonathan Martin
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

4 August 2020

Company registration number	04204490
Registered office	The Walbrook Building 25 Walbrook London EC4N 8AF
Directors	**Sir Douglas Jardine Flint** (Non-executive Chairman) **Alan John Aubrey** (Chief Executive Officer) **Michael Charles Nettleton Townend** (Chief Investment Officer) **Gregory Simon Smith** (Chief Financial Officer) **David Graham Baynes** (Chief Operating Officer) **Professor David Knox Houston Begg** (Senior Independent Director) **Dr Caroline Anne Brown** (Non-executive Director) **Heejae Richard Chae** (Non-executive Director) **Aedhmar Hynes** (Non-executive Director) **Dr Elaine Sullivan** (Non-executive Director)
Company secretary	**Angela Leach**