FRONTIER IP GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2017

Registered number 06262177

WELCOME TO FRONTIER IP

"We have made strong progress this year in all key areas and I am particularly pleased to see the team's efforts bearing fruit. We have again increased the value of our portfolio, extended our access to sources of high-quality IP and seen two Core Portfolio companies raise the capital they need to move through to the next phase of their commercialisation."

Andrew Richmond, Chairman

Frontier IP develops and manages a portfolio of equity stakes and licence income interests founded on strong, commercially-focused Intellectual Property ("IP"). Our team works with a range of universities and sources of deal flow and continues to develop new sources of IP from both formal and informal relationships. We actively seek out potential portfolio companies and fresh sources of exceptional IP.

The Group earns its equity and revenue by helping businesses grow in value, providing attractive downstream returns for Frontier IP's stakeholders and shareholders. Equity stakes are earned through providing practical support ahead of applying external capital.

Our resource-intensive approach is to be selective in our engagement with portfolio companies during their life cycle. Effort is focused on, and resource applied to, those companies where the Group holds a significant equity stake and where Frontier's expertise and access to capital can be applied to accelerate delivery and growth – our Core Portfolio. The make-up of this Core Portfolio will change over time as need and demand changes.

The Group continues to grow its portfolio by:

Establishing formal and informal relationships with universities as sources of IP and deal flow

Identifying strong IP and helping to create and grow companies built around this IP

Earning equity in return for strategic and commercial support

Growing a reputation for active, hands-on support

Building a wide network of sources of capital

Our approach is to grow value in our portfolio companies by not just *advising* but *doing*. In addition to providing strategic direction, our experienced team helps companies with a range of activities, usually those which are common points of failure in early-stage businesses. We help companies to adopt a more business-like approach, in particular encouraging early engagement with the potential market through Frontier IP's established industry networks. Our support includes strategic and commercial expertise, corporate finance and capital raising, and a range of administrative services.

Our Key Strengths

Portfolio offers strong capital growth potential

Experienced management team

Proactive sourcing of potential spin-outs

Founder equity in return for support prior to capital raising

STRATEGIC REPORT

The Directors have pleasure in presenting their Strategic Report for the year ended 30 June 2017.

HIGHLIGHTS

FINANCIAL

- Total revenue increased by 14% to £2,309,000 (2016: £2,030,000) – reflecting an unrealised profit on the revaluation of investments of £2,045,000 (2016: £1,809,000)
- Fair value of portfolio companies increased by 45% to £6,729,000 (2016: £4,651,000)
- Revenue from services increased by 19% to £264,000 (2016: £221,000)
- Profit before tax increased by 9% to £1,229,000 (2016: £1,131,000)
- Basic earnings per share decreased to 3.73p (2016: 4.08p)
- Placing raised £3,000,000 (gross)
- Cash balances at 30 June 2017 of £2,329,000 (2016: £771,000)
- Net assets per share as at 30 June 2017 of 30.7p (2016: 24.9p)

CORPORATE

- Further expansion into Portugal with the signing of a second partnership in the region with the Faculty of Science and Technology within the Universidade NOVA de Lisboa
- Cambridge office opened and team expanded

PORTFOLIO

- Four additions to the portfolio including Tarsis Technology Limited, our third spin-out from the Department of Chemical Engineering and Biotechnology at the University of Cambridge
- Good commercial progress within the portfolio overall, reflected in the increase in fair value, including:
  - Exscientia Limited signed a EUR250 Million collaboration with Sanofi and, post-period end, entered into a Drug Discovery Collaboration with GSK and secured a €15M minority investment from Evotec AG
  - Post-period end, Nandi Proteins Limited successfully concluded further investment of approximately £1 million

"I am pleased to report on another year of progress as we continue to develop our portfolio and lay the foundations for future value creation."

Neil Crabb, Chief Executive Officer

OUR BUSINESS AND STRATEGY

CHAIRMAN'S STATEMENT

PERFORMANCE

The Group continues to successfully pursue its core strategy of generating stakeholder value by providing best-practice IP commercialisation services to academic institutions and start-ups, to develop a portfolio of companies capable of commercial success and to provide access to capital for these portfolio companies. I am pleased to report that the success of this strategy is reflected in the continued increase in the value of our portfolio creating a strong platform for further growth.

We have made excellent progress this year in all key areas and I am particularly pleased to see the team's efforts bearing fruit. We have again materially increased the value of our portfolio, extended our access to sources of high-quality IP and seen two Core Portfolio companies raise the capital they need to move through to the next phase of their commercialisation.

KEY EVENTS

We continue to build value in our maturing portfolio, seeing both the fair value and number of new portfolio companies increase. We are again pleased to report a significant increase in the fair value of our portfolio to £6.7 million.

The completion of successful fundraisings, post-period end, for Nandi Proteins Limited ("Nandi") and Exscientia Limited ("Exscientia") contributed significantly to the increase in the value of the portfolio. We also welcomed four new additions to our portfolio with our third spin-out from University of Cambridge and an accelerated spin-out rate at University of Plymouth.

We were pleased by the support we received from new and existing shareholders through the successful completion of a placing which raised £3 million for the Group. The success of the placing affirms the Group's approach to building value and supports accelerating our growth, both in the UK and overseas.

In line with our strategy of extending our access to sources of high-quality exploitable research we were pleased to conclude a second commercialisation partnership in Portugal with the Universidade NOVA de Lisboa, Faculty of Science and Technology ("FCT Nova"), reflecting the Group's view that there is significant opportunity in the region. In line with this, post-period end, we earned our first revenue from the FCT Nova partnership.

In recognition of our developing a deeper relationship with the University of Cambridge, we opened our Group office in Cambridge. We also continue to expand the team, as demand for our services grows, to maintain a professional and customer-focused service to institutions and spin-outs. In order to remain competitive and attract and retain a high-calibre team, our Remuneration Committee conducted a periodic review of our rewards structure, in consultation with key shareholders, resulting in a recommendation to extend the Group's Employee Share Scheme, approval for which will be sought at its Annual General Meeting in December 2017.

RESULTS

For the year to 30 June 2017, total revenue increased by 14% to £2,309,000 (2016: £2,030,000) as a result of booking an unrealised profit of £2,045,000 (2016: £1,809,000) on the revaluation of investments, principally due to the movement in fair value of Exscientia and Nandi Proteins. Revenue from services, principally board retainers, fund management fees and licence income, increased by 19% to £264,000 (2016: £221,000).

The fair value of our portfolio increased by 45% to £6,729,000 (2016: £4,651,000).

Profit before tax increased by 9% to £1,229,000 (2016: £1,131,000) reflecting the increased revenue and reduced consultancy costs. The basic earnings per share were 3.73p (2016: 4.08p).

OUTLOOK

We have seen an encouraging start to the new financial year with a very high level of activity. While technology development is an inherently uncertain process, we are optimistic that our Core Portfolio will show another year of good progress and growth and that we will continue to see strong, commercialisable IP arising from our partnerships and build on our developing relationships in Cambridge and Portugal.

Andrew Richmond
Chairman

23 October 2017

STRATEGY

Frontier IP's principal strategic objectives are to achieve revenue growth and create long-term value for its stakeholders.

Frontier IP's strategy is to pursue growth by:

- Generating value from its relationships through new spin-outs, significant equity holdings, licensing income and realisations from existing spin-outs
- Building a portfolio capable of commercial success
- Reviewing and extending its portfolio pipeline for sources of high-quality IP
- Using its expertise to assist portfolio companies to grow and achieve realisations

BUSINESS MODEL

Frontier IP's business activity is focused on the commercialisation of intellectual property ("IP"). The Group's principal focus is on building a portfolio of companies through:

- Establishing formal and informal relationships with universities as sources of IP and deal flow
- Identifying strong IP and helping to create and grow companies built around this IP
- Earning equity in return for strategic and commercial support
- Providing active, hands-on support
- Building a wide network of sources of capital

The Group earns its equity and revenue by helping businesses to grow in value, providing downstream attractive returns for Frontier IP's shareholders and stakeholders. Equity stakes are earned through providing practical support ahead of arranging capital.

The team works with a range of universities and sources of deal flow and continues to develop new sources of IP from both formal and informal relationships. The source of our portfolio companies, by value, is reasonably evenly balanced between formal and informal relationships and, in line with our strategy to increase the start-up equity share, the Group plans to add new companies to its portfolio where there is clear scope for it to add value and receive a greater equity share in return.

The Group aims to be selective in its engagement with portfolio companies during their life cycle. Effort is focused on and resource applied to those companies where the Group holds a significant equity stake and where Frontier's expertise and access to capital can be applied to accelerate delivery and growth – the Group's current Core Portfolio. The make-up of this Core Portfolio will change over time as need and demand change.

Frontier IP's executive team works closely with its Core Portfolio companies helping them to build their business and deliver on milestones. The Group's approach is to generate additional revenue from its portfolio through board retainers, fees for fundraising and bespoke business development and corporate and strategic advisory work.

In particular, the Group recognises the importance of access to sources of capital to finance early stage businesses as they develop. Frontier IP is building an extensive network of sources of capital ranging from institutions, industry investors through to private individuals and the Group's fundraising activity both enhances value in its portfolio and may also generate revenue for the Group.

OUR PERFORMANCE

CHIEF EXECUTIVE OFFICER'S STATEMENT

"I am pleased to report on another year of progress as we continue to develop our portfolio and lay the foundations for future value creation. Our portfolio is growing, with four new spinouts during the year, and maturing, with a number of our portfolio companies making significant technical and commercial progress. In particular, we have seen strong interest from industry, both scientific and investment; the collaboration and investment deals secured by Exscientia being a prime example.

The quality of new opportunities that the Group is seeing from the academic and research community both within the UK and abroad is growing – we established a third spin-out from the University of Cambridge and we were pleased to welcome our second partnership in Portugal during the year. We are looking forward to another productive year and plan to continue to expand our team to meet the needs of our developing portfolio and partnerships."

Neil Crabb, Chief Executive Officer

KEY PERFORMANCE INDICATORS

The Key Performance Indicators for the Group are:

KPI	Description	2017 Performance
Fair value of the portfolio	Movement in the value of equity in the portfolio	£6,729,000 (2016: £4,651,000)
Total revenue	Growth in the aggregate of revenue from services and change in fair value of the portfolio	£2,309,000 (2016: £2,030,000)
Profit	Profit before tax for the year	£1,229,000 (2016: £1,131,000)
Net assets per share	Value of the Group's assets less the value of its liabilities per share outstanding	30.7p (2016: 24.9p)
Total initial equity in new portfolio companies	Aggregate percentage equity earned from new portfolio companies during the year	80% (2016: 0%)

We are pleased to report that the Group again achieved increases in all five of its Key Performance Indicators. The Chairman's Statement and Operational Review contain further information on progress in the business during the year.

The Group's services revenue for the year to 30 June 2017 increased to £264,000 (2016: £221,000) and, with administrative expenses of £1,082,000 (2016: £900,000), the Group continues to consume significant cash from operating activities, however the Directors continue to pursue opportunities that will assist in reducing the gap.

OPERATIONAL REVIEW

CORPORATE

In recognition of our developing a deeper relationship with the University of Cambridge, in November 2016 we were pleased to open a Group office in Cambridge. We also expanded the team in Cambridge with a new commercialisation professional, who will be primarily focused on our activity in Cambridge.

In February 2017 we were pleased to announce the appointment of Cenkos Securities plc as the Group's Nominated Adviser and Joint Broker.

In March 2017 the Group successfully completed a placing to raise gross proceeds of £3 million through the issue of 7,500,000 ordinary shares at 40 pence per share. The new funds will support accelerating the Company's growth and developing and expanding its resourcing in areas of key activity, both in the UK and overseas.

PORTFOLIO – KEY DEVELOPMENTS

Exscientia
We were very pleased to see the strong commercial progress at Exscientia during the year and the significant increase in value of our minority equity stake. In particular, Exscientia secured a EUR250 Million collaboration with Sanofi and, post-period end, entered into a Drug Discovery Collaboration with GSK and finalised a €15M investment from Evotec AG.

Third Portfolio Company from University of Cambridge
In December 2016 we added new portfolio company Tarsis Technology Limited ("Tarsis"), in which we received a 20 per cent. stake. Tarsis is the Group's third spin-out from the Department of Chemical Engineering and Biotechnology at the University of Cambridge.

Nandi
In September 2016, Nandi and Heriot-Watt University Edinburgh were part of a consortium awarded a £1 million grant from Innovate UK, enabling the development of new processes and products that lead to the availability of healthier food choices for consumers - this project is also supported by industry partners Devro plc and Kerry Group plc. Post-period end, Nandi raised approximately £1 million from new and existing investors, to further its commercialisation and enable scale-up.

Alusid
Alusid Limited ("Alusid") showed good progress during the period. In particular, we were pleased to note the on-going protection of Alusid's IP with the grant of the core patent in the US in September 2016. Further recognition of Alusid's progress came when it won this year's IChemE Global Award 2016 for Best Business Start-Up against a shortlist of international nominees. It has also received its first commercial orders and is currently seeking to raise further funds to enable it to meet projected demand.

New Portfolio Companies from University of Plymouth
During the period, the Group welcomed three additions to its portfolio from University of Plymouth - The Vaccine Group Limited ("The Vaccine Group"), Molendotech Limited ("Molendotech") and Fieldwork Robotics Limited ("Fieldwork Robotics"). Further details on The Vaccine Group and Molendotech can be found in the section on Core Portfolio.

Fieldwork Robotics will exploit the technology developed by Dr. Martin Stoelen, a Lecturer at the School of Computing, Electronics and Mathematics at the University of Plymouth. Fieldwork aims to develop and commercialise a robotics technology which has a range of potential industrial applications. Its first target is planned to be the high-value fruit (such as tomatoes) picking market and producers of value added fruits have already demonstrated early interest in the technology.

SOURCES OF IP

In line with our business model, our strategy is to seek to increase both the size of equity stakes we receive from our sources of IP and extend our portfolio pipeline for sources of high-quality IP. We continually review our partnerships, both formal and informal, for quality of deal flow and economic viability. This approach ensures that effort is focused where it is most effective and there is most potential value. Our expansion in Portugal, the opening of our office in Cambridge and the recruitment of further staff to support our partnerships and portfolio companies is a clear demonstration of our commitment to this approach.

We were pleased to secure a commercialisation agreement with the Faculty of Science and Technology within the Universidade NOVA de Lisboa ("FCT Nova"), the Group's second in Portugal. The Universidade NOVA de Lisboa is a research-intensive university (QS Top Universities 2016) and FCT Nova has particular research strengths in Engineering, Materials, Energy and Life Sciences. Frontier IP and FCT Nova will work together to maximise the commercial value of intellectual property developed within or owned by FCT Nova. Frontier IP will receive a share of equity in each spin-off company created by FCT Nova, as well as a share in the licensing revenue it receives.

Post-period end the Group earned its first revenue from the FCT Nova partnership in the form of a share of income from a new licence entered into by the university.

OPERATIONS

Remuneration Framework

We believe that our people should be appropriately rewarded and incentivised to meet or exceed performance expectations. We achieve this through periodically benchmarking remuneration practice against companies of a similar size and nature.

In order to remain competitive and attract and retain a high-calibre team, the Remuneration Committee conducted a periodic review of the Group's rewards structure in conjunction with advisors and key shareholders.

The key recommendations arising from this review are summarised as follows:

- the limit on the number of shares that may be subject to options in any ten year period be increased from a maximum of 10% to a maximum of 15% of the ordinary share capital;
- options granted under the revised scheme rules may be granted at nominal cost (10p per share); and
- new malus provisions be included to prevent vested options from being exercised in circumstances where the Company has suffered reputational damage or financial loss as a result of an option holder's actions.

Following extensive consultation with key shareholders, approval to implement these recommendations will be sought at the Group's Annual General Meeting in December 2017. The relevant resolutions will be set out in the Notice of Annual General Meeting which will be posted to shareholders along with the Group's Annual Report and Financial Statements for the year ended 30 June 2017.

PORTFOLIO REVIEW

CORE PORTFOLIO

ALUSID LIMITED ("ALUSID")

Alusid is a spin-out from the Silicate Research Unit of the University of Central Lancashire and was formed to licence and commercialise the process to transform waste materials into a highly durable and functional material with applications in the construction industry. Its product, SilicaStone®, is a new material made from fused recycled glass and ceramics. SilicaStone was designed as a uniquely adaptable alternative to natural stone products for use as feature walls and interiors. Alusid has shown good commercial progress during the year, has secured raw materials supply agreements, its pilot plant is now fully operational and a UK sales infrastructure in place.

We were pleased to note the on-going protection of Alusid's IP, in particular the grant of the core patent in the US in September 2016. We were also pleased to see further recognition of Alusid's progress when it won the IChemE Global Award 2016 for Best Business Start-Up against a shortlist of international nominees, which included businesses from the UK, USA and New Zealand.

At 30 June 2017, the Group held 39% of the issued share capital of Alusid.

CAMBRIDGE SENSOR INNOVATION LIMITED ("CSI")

Based in Cambridge UK, Cambridge Sensor Innovation was formed to exploit technology developed by Dr. Mark Williamson, a lecturer and researcher at the Department of Chemical Engineering and Biotechnology at the University of Cambridge. Cambridge Sensor Innovation develops sensor technology for use in industrial processes where the composition of the processing atmosphere is important, specifically ovens and kilns. Its suite of products comprises an ultra-low range differential Pressure Sensor, a Humidity Sensor, and an Intelligent Control System. The benefits of the technology include reduction in greenhouse gases and optimisation of the quality and consistency of oven-manufactured goods. The company is targeting multinationals in the food and speciality chemicals markets, but the technology can be applied within any industry which uses ovens and kilns. CSI has refined its sensor design and has achieved further prototype sales to these multinationals.

The technology is now being demonstrated for the domestic oven market and CSI's attendance at the IFA Berlin trade show in September 2017 generated significant interest from global domestic appliance manufacturers. This event saw the launch of CSI's novel sensor system and smartphone app which can transform the performance of domestic ovens, enabling the production of restaurant-quality food in the home and reducing cooking time.

At 30 June 2017, the Group held 40% of the issued share capital of CSI.

CAMBRIDGE SIMULATION SOLUTIONS LIMITED ("CAMBRIDGE SIMULATION")

Cambridge Simulation was created to exploit the technology developed by Dr. Vassilios Vassiliadis, a Senior Lecturer at the Department of Chemical Engineering and Biotechnology at the University of Cambridge. Dr. Vassiliadis has developed a method to simulate and control complex chemical processes, exploiting existing and new IP. Frontier IP's role is to support the licensing and commercialisation of this technology, which potentially has a wide range of commercial applications in industry, including the food and pharmaceutical sectors.

Cambridge Simulation is progressing development of its prototype software with direct programming support from Frontier, which is now demonstrating that it is faster than commercially available algorithms to run simulations with similar computational power. Cambridge Simulation is now attracting commercial interest and will continue to develop the software, whilst seeking partners to apply the technology to industrial applications.

At 30 June 2017, the Group held 40% of the issued share capital of Cambridge Simulation.

EXSCIENTIA LIMITED ("EXSCIENTIA")

Exscientia is at the forefront of Artificial Intelligence (AI)-driven drug discovery. It develops new medicines for a wide range of human diseases where improved efficacy is required. Exscientia is the first company to develop a systematic algorithmic discovery platform to automatically design molecules to complex target product profiles. Exscientia has successfully applied its algorithm-driven design principles to developed novel molecules with complex bispecifics, and phenotypic product profiles. Adopting this strategy increases the efficiency and effectiveness of drug discovery.

In May 2017 Exscientia entered into a strategic research collaboration and licence option agreement with Sanofi in the high-interest area of metabolic disease. Delivery of new therapies for metabolic disease (such as diabetes) is hampered by a paucity of single targets that are amenable to drug discovery. To address this challenge, Exscientia will apply its unique platform to identify and validate combinations of drug targets.

In July 2017 Exscientia secured a strategic drug discovery collaboration with GlaxoSmithKline (GSK). During this collaboration, Exscientia will apply its AI-enabled platform and combine this with the expertise of GSK, in order to discover novel and selective small molecules for up to 10 disease-related targets, nominated by GSK, across multiple therapeutic areas.

In September 2017 Exscientia announced that Evotec AG had made a €15M investment to take a minority stake in Exscientia. Through this investment, Evotec became the first strategic shareholder in Exscientia. Evotec has one of the largest and leading drug discovery platforms in the industry, with more than 1,800 scientists.

At 30 June 2017, the Group held 5% of the issued share capital of Exscientia.

MOLENDOTECH LIMITED ("MOLENDOTECH")

Molendotech was created to develop and commercialise the work of Simon Jackson, Professor of Environment and Human Health within the Plymouth University, Peninsula Schools of Medicine and Dentistry. The Molendotech team has developed a rapid assay to screen water for faecal contamination. Current tests on the market may take hours or even days to show results, whereas Molendotech's technology typically produces results in under 15 minutes. Rapid, point-of-use testing to determine water quality enables more informed decision-making about the use of water and significantly improves the ability to identify and track the pollution source.

A patent has been filed in relation to the technology which has already been granted in the US for recreational waters. The technology has attracted early interest from industry.

At 30 June 2017 the Group held 20% of the issued share capital of Molendotech.

NANDI PROTEINS LIMITED ("NANDI")

Spun out of Heriot-Watt University, Edinburgh and led by CTO Dr. Lydia Campbell, Nandi is an established protein technology company, specialising in developing a platform technology which improves the functional properties of proteins in food manufacturing. When its patented process technology is applied to naturally occurring proteins such as whey and egg, which are used extensively as ingredients in food manufacture, the functional properties of these proteins are improved, creating a product which can replace (in whole or in part) sugars, fats and additives (specifically emulsifiers, commonly E471) in end-product. Food manufacturers are under increasing pressure to respond to rising global obesity rates and the associated cost, both human and economic, of diet-related ill-health.

In September 2016, Nandi and Heriot-Watt University Edinburgh were part of a £1 million grant from Innovate UK, enabling the development of new processes and products that lead to the availability of healthier food choices for consumers. This current project is supported by industry partners Devro plc and Kerry Group plc. Post-period end, Nandi raised approximately £1 million from new and existing investors, to further its commercialisation and enable scale-up.

At 30 June 2017, the Group held 21% of the issued share capital of Nandi.

PULSIV SOLAR LIMITED ("PULSIV")

PulsiV, which spun out from Plymouth University and is led by Associate Professor Dr. Zaki Ahmed, develops a technology which significantly improves the energy efficiency of photovoltaic solar panels. It does this by maximising the energy generated by the system's inverters, which convert the energy harvested for supply to the grid. According to a GTM Research report, The Global PV Inverter and MLPE Landscape 2016, global shipments of solar PV inverters will reach 90 gigawatts by 2020 (59.7 gigawatts were shipped in 2015). The technology can be integrated into new systems or retrofitted to existing solar panels.

Pulsiv continues with its development programme and prototypes (including for the wider power conversion as well as the solar market) have shown improvements over benchmarked industry technology. Pulsiv also received notification of grant of its second European patent.

At 30 June 2017, the Group held 19% of the issued share capital of PulsiV.

TARSIS TECHNOLOGY LIMITED ("TARSIS")

Tarsis was established to develop and commercialise technology created by Dr. David Fairen-Jimenez, a Royal Society University Research Fellow at the Department of Chemical Engineering and Biotechnology at the University of Cambridge, and his research team. The technology allows slower and more controlled delivery of drugs using metal-organic frameworks (MOFs).

Tarsis has identified a market opportunity for improved targeted delivery systems for active ingredients in the pharmaceutical and agrochemical industries, from which it has already seen early interest. The Tarsis team has expert knowledge of highly absorbent amorphous metal-organic frameworks, expertise to identify and tune to a chosen application and access to a curated library of 70,000+ MOF structures.

At 30 June 2017 the Group held 18% of the issued share capital of Tarsis.

THE VACCINE GROUP LIMITED ("THE VACCINE GROUP")

The Vaccine Group will exploit technology developed by Dr. Michael Jarvis, Associate Professor in Virology and Immunology at the University of Plymouth, who specialises in the creative design of herpesvirus-based vaccines for the control of disease. Governments, pharmaceutical companies and supranational bodies are showing increasing concern about emerging infectious diseases. The Vaccine Group aims to commercialise novel vaccine platforms for the development of vaccines for use in infection control (such as bovine tuberculosis) and for a rapid response to pathogens which unpredictably cross the species barrier and pose a significant threat to human health. Target pathogens include avian influenza A, Ebola and Marburg viruses, MERS and SARS coronaviruses and Rift Valley fever virus.

Initial work in The Vaccine Group will focus on herpesvirus-based platforms suitable for use in animals, to protect human health by targeting the animal species from which disease is transmitted to humans for vaccination (termed zoonoses barrier vaccines). Future developments will include vaccines for use in humans.

At 30 June 2017 the Group held 21% of the issued share capital of The Vaccine Group.

PORTFOLIO SUMMARY AT 30TH JUNE 2017

Portfolio Company	% Issued Share Capital	About	Source	Sector
Alusid Limited	39%	Recycled materials	University of Central Lancashire	Materials
Cambridge Sensor Innovation Limited	40%	Sensors for optimising heating processes in industry	University of Cambridge	Sensor
Cambridge Simulation Solutions Limited	40%	Method to simulate and control complex chemical processes	University of Cambridge	IT / Life Sciences
Celerum Limited	10%	Planning and scheduling software, targeting the offshore oil and gas industry	Robert Gordon University	IT
Exscientia Limited	5%	Novel informatics and experimental methods for drug discovery	University of Dundee	Life Sciences
Fieldwork Robotics Limited	21%	Robotics technology for applications requiring fine motor skills	University of Plymouth	Robotics
Glycobiochem Limited	5%	Molecular and chemical tool software in the treatment of human disease	University of Dundee	Life Sciences
Kinetic Discovery Limited	5%	Biosensor-based drug discovery screening	University of Dundee	Life Sciences
Molendotech Limited	19.6%	Screening water for faecal contamination	University of Plymouth	Life Sciences
Nandi Proteins Limited	20.8%	Food protein technology	Heriot-Watt University, Edinburgh	Life Sciences
PoreXpert Limited	15%	Analysis and modelling of porous materials	University of Plymouth	IT
PulsiV Solar Limited	18.9%	Improved PV solar panel efficiency	University of Plymouth	Energy
Rapid Quality Systems Limited	5%	Software development support application	University of Dundee	IT
Tarsis Technology Limited	18%	Controlled drug delivery using metal-organic frameworks	University of Cambridge	Life Sciences

The Vaccine Group Limited	21%	Herpesvirus-based vaccines for the control of disease	University of Plymouth	Life Sciences

LIMITED PARTNERSHIP FUNDS

RGU Ventures Investment Fund LP ("RGU Fund")

The RGU Fund reached first closing in July 2009. In accordance with Frontier IP's accounting policies, the Group's 27.3% investment in the RGU Fund is included in the financial statements at fair value. At 30 June 2017, the carrying value was £22,000 (2016: £22,000), which is £144,000 below cost (2016: £144,000 below cost).

The RGU Fund has one investment in Counterweight Limited, holding 8.5% of the ordinary shares, and granted a convertible loan of £80,000 to Celerum Limited.

FINANCIAL REVIEW

KEY HIGHLIGHTS

Profit after tax for the Group for the year to 30 June 2017 was £1,229,000 (2016: £1,131,000). This result includes a net unrealised profit on the revaluation of investments of £2,045,000 (2016: £1,809,000) and reflects an increase in services revenue to £264,000 (2016: £221,000) and an increase in administrative expenses to £1,082,000 (2016: £900,000).

The value of the Group's investments increased to £6,751,000 (2016: £4,673,000). Net assets increased to £11,759,000 (2016: £7,668,000) reflecting the proceeds of the £3,000,000 (gross) placing and the profit for the year.

In March 2017, the Company conducted a placing of 7,500,000 new ordinary shares of 10p for cash at a price of 40p per share raising £3,000,000 before expenses.

REVENUE

Total revenue for the year to 30 June 2017 increased 14% to £2,309,000 (2016: £2,030,000). Revenue from services increased 19% to £264,000 (2016: £221,000). The Group's net unrealised profit on the revaluation of investments increased 13% to £2,045,000 (2016: £1,809,000). Unrealised gains on revaluation of investments of £2,069,000 (2016: £2,045,000) were offset by impairments of £24,000 (2016: £236,000). £1,046,000 of the gain relates to Exscientia Limited and £505,000 to Nandi Proteins Limited, both of whom completed a fundraising subsequent to the year end.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by 20% to £1,082,000 (2016: £900,000). The increase is primarily due to additional personnel and professional fees.

EARNINGS PER SHARE

Basic earnings per share was 3.73p (2016: 4.08p). Diluted earnings per share was 3.63p (2016: 4.04p)

STATEMENT OF FINANCIAL POSITION

The principal items in the statement of financial position at 30 June 2017 are goodwill £1,966,000 (2016: £1,966,000) and financial assets at fair value through profit and loss, principally holdings in portfolio companies, £6,751,000 (2016: £4,673,000). The carrying value of these items is determined by the Directors using their judgement when applying the Group's accounting policies. The considerations taken into account by the Directors when reviewing the carrying value of goodwill are detailed in Note 9. The matters taken into account when assessing the fair value of the portfolio companies are detailed in the accounting policy on investments.

The Group had net current assets at 30 June 2017 of £2,716,000 (2016: £883,000). The current assets at 30 June 2017 include debtors of £431,000 which are more than 90 days overdue, of which £332,000 is due from Nandi and £76,000 is due from Alusid. The non-current trade receivables of £321,000 comprise £268,000 due from Nandi and £53,000 due from Alusid. Other debtors include an unsecured loan to Nandi of £165,000 carrying intresest at 5% and an unsecured interest free loan to Alusid of £165,000. Subsequent to the year end, Nandi completed a fundraising and repaid the loan.The Group converted £200,000 of trade receivables into shares in Nandi at the fundraising and Nandi has commenced repaying the balance of the trade receivables over eighteen months under a repayment plan. Alusid is in the process of raising additional funds and the directors are confident that Alusid will be able to raise sufficient funds to finance Alusid's business plan, repay the loan and commence payment of the debt.

Net assets of the Group increased to £11,759,000 at 30 June 2017 (30 June 2016: £7,668,000). The number of issued ordinary shares also increased to 38,278,520 at 30 June 2017 (2016: 30,778,520) resulting in net assets per share of 30.7p (2016: 24.9p).

CASH

The Group's cash balances increased during the year by £1,558,000 to £2,329,000 at 30 June 2017. This was as a result of a placing of new shares which raised £2,810,000 net of expenses. The cash generated by the share placing was used to fund the operation of the business.

RISK MANAGEMENT

The specific financial risks of price risk, interest rate risk, credit risk and liquidity risk are discussed in the notes to the financial statements. The key broader risks – financial, operational, cash flow and personnel – are considered below.

The principal financial risks of the business are a fall in the value of the Group's portfolio, the impairment of the value of goodwill and recovery of the overdue debt from portfolio companies Nandi and Alusid. With regards to the value of the portfolio itself, the fair value of each portfolio company represents the best estimate at a point in time, and may be impaired if the business does not perform as well as expected, directly impacting the Group's value and profitability. This risk is mitigated as the size of the portfolio increases. The value of goodwill is linked to the progress of the existing portfolio and to continued identification and acquisition of equity stakes in new portfolio companies. Subsequent to the year end, Nandi completed a fundraising and repaid its loan from the Group, the Group converted trade receivables into shares in Nandi and Nandi has commenced repaying the balance of the trade receivables over eighteen months under a repayment plan. Alusid is in the process of raising additional funds and the directors are confident that Alusid will be able to raise sufficient funds to finance Alusid's business plan, repay the loan and commence payment of the debt.

The principal operational risk of the business is management's ability to continue to identify spin-out companies from its formal and informal university relationships, to increase the revenue streams that will generate cash in the short term and achieve realisations from the portfolio.

Early-stage spin-out companies are particularly sensitive to downturns in the economic environment and any downturn would mean considerable uncertainty in the capital markets resulting in a lower level of funding activity for such companies and a less favourable exit environment. The impact of this may be to constrain the growth and value of the Group's portfolio and to reduce the potential for revenue from funding advisory work. The Group seeks to mitigate these risks by maintaining relationships with co-investors, industry partners and financial institutions.

A reduction in public funding to the Higher Education sector may result in reduced research funding, universities changing their approach to commercialisation or consolidation among Higher Education institutions. Any uncertainty in the sector may have an impact on the operation of the Group's commercialisation partnerships in terms of lower levels of commercialisation activity and a reduced focus on commercialisation or consolidation affecting the Group's contracted partnerships. The Group seeks to minimise these risks through its success-based reward mechanism and seeking to ensure that its university partners receive an appropriate level of service.

Until the Group generates cash through an investment realisation it will rely on raising additional capital to fund the Group's operations. The uncertainty centres on the ability of management to increase its cash generating service revenue streams to reduce the Group's reliance on raising money from capital markets. In order to manage this risk the Group continues to pursue its aim of growing service revenue to reduce the requirement for additional capital before taking account of any investment realisations.

The Group is dependent on its executive team for its success and there can be no assurance that it will be able to retain the services of these key personnel. Incentives for senior staff include share options and the Executive Directors hold direct interests in shares in the Company.

By order of the Board

Neil Crabb
Director

23 October 2017

OUR GOVERNANCE

BOARD OF DIRECTORS

K ANDREW RICHMOND, NON-EXECUTIVE CHAIRMAN (AGE 51)

Andrew Richmond has substantial experience of the healthcare, stockbroking and private equity industries. He is Chairman of Hub North Scotland, a Lay Member of the Court of the University of Dundee and a Non-Executive Director of Scotland's Charity Air Ambulance.

NEIL CRABB, CHIEF EXECUTIVE OFFICER (AGE 49)

Neil Crabb has considerable investment management experience, particularly in technology and smaller companies. From 1990 to 1994, he worked for Equitable Life Assurance Society, latterly as investment analyst with investment authority for approximately one-third of the Society's UK smaller company holdings. Neil spent from 1995 to 1996, with Duncan Lawrie Limited where he was an investment manager with responsibility for a range of managed portfolios, invested primarily in UK smaller companies. In 1996 he co-founded Sigma Capital Group plc.

JACQUELINE MCKAY, CHIEF OPERATING OFFICER (AGE 57)

Jacqueline McKay has substantial experience in private equity and of the university IP sector in particular, including structuring and executing university partnership agreements and venture funds. She has been working with the Group since its inception to develop new and existing university relationships. Jacqueline spent nearly 10 years with Sigma Capital Group, where she was responsible for setting up venture funds and university partnerships. Prior to this, she spent 12 years with Bank of Scotland.

DAVID CAIRNS, PORTFOLIO DIRECTOR (AGE 53)

David Cairns previously worked for Optos plc ("Optos"), the retinal imaging company, where he was instrumental in building the business from start-up, serving on the board until its flotation on the London Stock Exchange. As Chief Technical Officer, David played a key role in creating and developing the company's innovative product IP, leading to Optos being recognised by the World Economic Forum as a "Technology Pioneer" in the Biotechnology and Health category in 2005.

JAMES FISH, FINANCE DIRECTOR AND COMPANY SECRETARY (AGE 59)

James Fish is a chartered accountant with over 25 years' experience in senior financial positions and a wide range of commercial experience including venture capital funded small/medium-sized enterprises and start-up companies. He was latterly interim Finance Director at The One Place Capital Limited, an online technology start-up. He qualified as a chartered accountant with KPMG and holds a degree in Accounting and Finance from Heriot-Watt University, Edinburgh.

MICHAEL BOURNE, NON-EXECUTIVE DIRECTOR (AGE 58)

Michael Bourne has almost 30 years' experience in investment management and particular expertise in technology, life sciences and clean technology. He is currently Partner of Accretion Capital LLP and a Director of Cloudfind Ltd. He is also an Advisory Board Member of V2R, the US technology transfer venture company. Prior to these roles, in 1995, he founded asset management company, Reabourne Technology Investments Limited, where he was Chief Investment Officer. For nine years until 2009, he was also a member of the techMARK Advisory Committee.

DR. CAMPBELL WILSON, NON-EXECUTIVE DIRECTOR (AGE 62)

Campbell Wilson is a Director and former Chair of the UK Pharmaceutical Licensing Group and has worked in the UK pharmaceutical industry for approximately 35 years. The last 17 years of his career were in business development at AstraZeneca, the global research-based biopharmaceutical company, latterly as Executive Business Development Director within the company's central Business Development function. He led strategic collaboration and licensing activities at the unit, driving multiple technology and oncology therapy area collaborations and product licensing deals, including high profile and innovative agreements. Before his involvement in business development, Campbell worked in senior level scientific roles in cardiovascular drug discovery at AstraZeneca, and earlier at Beecham Pharmaceuticals (now GSK). Campbell holds a PhD in Cardiovascular Pharmacology and has lectured and published extensively over his career. As well as being past Chairman and member of the UK Pharmaceutical Licensing Group, he participates in the European Pharma Licensing Council and is a consultant to Medius Associates Limited, the pharmaceutical and healthcare consultancy.

BOARD OF COMMITTEES

Andrew Richmond, Michael Bourne and Campbell Wilson are members of the audit and remuneration committees. Andrew Richmond chairs the audit committee and Michael Bourne chairs the remuneration committee.

ADVISERS

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London EC3V 9BQ

SECRETARY & REGISTERED OFFICE

James Fish
c/o CMS Cameron McKenna Nabarro Olswang LLP
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London EC4N 6AF

Main trading address
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EH2 3ES

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the audited financial statements, for the year ended 30 June 2017.

RESULTS AND DIVIDENDS

The Group made a profit for the year of £1,229,000 (2016: £1,131,000). The Directors do not recommend the payment of a dividend (2016: nil). The Directors are confident of the prospects for the Group for the current year.

DIRECTORS

The Directors who held office during the year and the current Directors of the Company are listed on page 19. Details of Directors' interests in share options and in shares are given in the Directors' Remuneration Report.

EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort will be made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

RISK FACTORS

Information on the Group's financial risk management objectives and policies relating to market risk, credit risk and liquidity risk is provided in Note 1 to the financial statements. The broader risks of the business are considered in the Strategic Report.

TREASURY ACTIVITIES AND FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash, equity investments and other items such as trade debtors and trade creditors that arise directly from its operations. The Group has no borrowings. At 30 June 2017, the Group had positive cash balances of £2,329,000 (2016: £771,000). The Group's policy is to keep surplus funds on instant access and short-term deposit to earn the prevailing market rate of interest. It is the Group's policy not to speculate in derivative financial instruments. The Group is not exposed to any foreign exchange risks as it has no transactions in foreign currency.

DIRECTORS' INDEMNITY INSURANCE

The Company had a Directors and Officers insurance policy and a Professional Indemnity Insurance policy in place throughout the year and at the date of these financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in note 20 to the Financial Statements.

CORPORATE GOVERNANCE

Although not required to do so, the Company seeks within the practical confines of being a small company to act in compliance with the principles of good governance and the code of best practice as contained in the UK Corporate Governance Code.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as applied by the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that the financial statements comply with International Financial Reporting Standards as adopted by the European Union; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

AWARENESS OF RELEVANT AUDIT INFORMATION

At the date of signing of this report and insofar as each of the Directors is aware:

- There is no relevant audit information of which the auditor is unaware.
- The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to appoint Moore Stephens LLP as auditor will be proposed at the Annual General Meeting.

By order of the Board

James Fish
Company Secretary

23 October 2017

DIRECTORS' REMUNERATION REPORT

DIRECTORS' REMUNERATION

The Remuneration Committee decides the remuneration policy that applies to the Executive Directors. The current members of the Remuneration Committee are Andrew Richmond, Michael Bourne and Campbell Wilson.

SALARIES AND BENEFITS

The Remuneration Committee meets at least once a year in order to consider and set the remuneration packages. Remuneration comprises basic salary, pension contributions, share options and benefits in kind. An analysis of remuneration by director is given in Note 5 of these financial statements.

CONTRACT OF SERVICE

Neil Crabb's, Jacqueline McKay's, David Cairns' and James Fish's service agreements are subject to a three-month notice period.

SHARE OPTIONS

The Company has two share option schemes, the Frontier IP Group plc Employee Share Option Scheme 2011 which is an Enterprise Management Incentive (EMI) share option scheme, and the Frontier IP Group plc Unapproved Share Option Scheme 2011. No unapproved options have been granted in the year and none are held at 30 June 2017. EMI share options were granted in the year to four directors.

Details of EMI share options held by Directors who were in office at 30 June 2017 are set out below:

Director	Grant date	Number of options	Exercise price	Exercise date	Expiry date
Neil Crabb	15.01.2013	456,825	15.00p	15.01.2016 - 14.01.2023	14.01.2023
Neil Crabb	01.04.2014	128,175	26.88p	01.04.2017 - 31.03.2024	31.03.2024
Neil Crabb	07.04.2016	350,000	26.63p	07.04.2019 - 06.04.2026	06.04.2026
Neil Crabb	11.05.2017	124,000	40.00p	11.05.2020 - 10.05.2027	10.05.2027
Jacqueline McKay	15.01.2013	195,782	15.00p	15.01.2016 - 14.01.2023	14.01.2023
Jacqueline McKay	01.04.2014	54,218	26.88p	01.04.2017 - 31.03.2024	31.03.2024
Jacqueline McKay	07.04.2016	150,000	26.63p	07.04.2019 - 06.04.2026	06.04.2026
Jacqueline McKay	11.05.2017	95,000	40.00p	11.05.2020 - 10.05.2027	10.05.2027
David Cairns	15.01.2013	195,782	15.00p	15.01.2016 - 14.01.2023	14.01.2023
David Cairns	01.04.2014	54,218	26.88p	01.04.2017 - 31.03.2024	31.03.2024
David Cairns	07.04.2016	75,000	26.63p	07.04.2019 - 06.04.2026	06.04.2026
David Cairns	11.05.2017	40,000	40.00p	11.05.2020 - 10.05.2027	10.05.2027
James Fish	01.04.2014	250,000	26.88p	01.04.2017 - 31.03.2024	31.03.2024
James Fish	07.04.2016	150,000	26.63p	07.04.2019 - 06.04.2026	06.04.2026
James Fish	11.05.2017	95,000	40.00p	11.05.2020 - 10.05.2027	10.05.2027

The market price of the Company's shares at 30 June 2017 was 38.00p. The range of prices during the year was 25.00p to 54.00p.

DIRECTORS' INTERESTS IN SHARES

The Directors in office at 30 June 2017 had the following interests in the ordinary shares of 10p each in the Company at the year end.

	2017 Number	2016 Number
Neil Crabb	**2,834,168**	2,834,168
David Cairns	**840,238**	840,238
Jacqueline McKay	**12,855**	12,855
Andrew Richmond	**1,000,000**	1,000,000
Michael Bourne	**270,238**	270,238
James Fish	**100,000**	100,000

All of the above interests are beneficial.

Michael Bourne
Chairman of the Remuneration Committee

23 October 2017

OUR FINANCIALS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FRONTIER IP GROUP PLC

OPINION

We have audited the financial statements of Frontier IP Group Plc for the year ended 30 June 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 June 2017 and of the Group's profit for the year then ended;
- the Group and the parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of unquoted equity investments

56.7% of the Group's total assets (by value) is held in investments where no quoted market price is available. Unquoted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines") by using measurements of value such as prices of recent investment. Due to the relatively low number of investors partaking in funding rounds, there is a risk that recent investments on which fair value is based are not sufficiently at arm's length to ensure an independent market valuation representative of fair value. Whether it remains appropriate to use the price of the recent funding rounds depends on the specific circumstances of the investment, the stability of the external environment and the period since the last funding round. There is therefore a significant risk over the valuation of these investments and this is one of the key judgemental areas that our audit focused on.

In this area our audit procedures included:

- For a selection of investments, assessing whether the price of recent investment is an appropriate basis for the measurement of the fair value at the time, by evaluating the independence of the funding rounds on which this valuation is based. This assessment was based on whether external investors were allowed to take up significant investments at the same rates and the number of external investors included within the funding round.
- Conducting independent research into publicly available information for indicators of fair value changes since the last funding round was set, considering the valuation techniques applied against IPEV Guidelines and agreeing key elements to appropriate support including contractual agreements.
- Assessing whether there was evidence that the price had been agreed in principle by the time of the year end where a price is based on a funding round that was concluded post year end

Carrying value of goodwill

The Group's impairment review of goodwill involved the calculation of value-in-use through a discounted cash flow model and fair value less costs to sell, and comparison of these amounts to the carrying value of goodwill and other assets recognised in the accounts. The discounted cash flow model contained significant levels of judgement over the assumptions used including the discount rate and over the assumptions of the cash flow forecasts which included the gains on future investments, the annual investment rate and the weighted average holding period of the Group's investments. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are included within the models used, and the irregular nature of the UK university spin-out company market, this is one of the key judgemental areas that our audit is concentrated on.

In this area our audit procedures included:

- Critically assessing the principles and integrity of the discounted cash flow model.
- Critically assessing the assumptions around exit valuations.
- Considering the sensitivity of the valuation model to the key assumptions through a sensitivity analysis to assess the impact of each assumption on the value in use.

- Assessing whether the Group's disclosures of the sensitivity of the outcome of the impairment reviews to changes in key assumptions were adequate and reasonable

OUR APPLICATION OF MATERIALITY

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

We determined the materiality for the Group financial statements as a whole to be £119,000, calculated with reference to a benchmark of Group total assets, of which it represents 1%. This is the threshold above which missing or incorrect information in financial statements is considered to have an impact on the decision making of users.

We reported to the Audit Committee all potential adjustments in excess of £6,000 being 5% of the materiality for the financial statements as a whole.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We considered the risk of the financial statements being misstated or not prepared in accordance with the underlying legislation or standards. We then directed our work toward areas of the financial statements which we assessed as having the highest risk of containing material misstatements.

We tested and examined information using both analytical procedures and tests of detail, to the extent necessary to provide us with a reasonable basis to draw conclusions. These procedures gave us the evidence that we need for our opinion on the Group's financial statements as a whole and, in particular, helped mitigate the risks of material misstatement mentioned above.

We also documented and reviewed the Group's systems, primarily to confirm that they form an adequate basis for the preparation of the financial statements, but also to identify the controls operated to ensure the completeness and accuracy of the data.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities on page 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Timothy West
Senior Statutory Auditor
for and on behalf of Moore Stephens LLP
Chartered Accountants and Statutory Auditor
Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

23 October 2017

GROUP STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £'000	2016 £'000
Revenue			
Revenue from services		**264**	221
Other operating income			
Unrealised profit on the revaluation of investments	11	**2,045**	1,809
Total revenue		**2,309**	2,030
Administrative expenses	4	**(1,082)**	(900)
Profit from operations		**1,227**	1,130
Interest income on short term deposits		**2**	1
Profit from operations and before tax		**1,229**	1,131
Taxation	6	**-**	-
Profit and total comprehensive income attributable to the equity holders of the Company		**1,229**	1,131
Profit per share attributable to the equity holders of the Company:			
Basic earnings per share	7	**3.73p**	4.08p
Diluted earnings per share	7	**3.63p**	4.04p

All of the Group's activities are classed as continuing.

There is no other comprehensive income in the year (2016: nil).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

	Notes	2017 £'000	2016 £'000
Assets			
Non-current assets			
Tangible fixed assets	8	**5**	2
Goodwill	9	**1,966**	1,966
Financial assets at fair value through profit and loss	11	**6,751**	4,673
Trade receivables	12	**321**	144
		9,043	6,785
Current assets			
Trade receivables and other current assets	12	**537**	223
Cash and cash equivalents		**2,329**	771
		2,866	994
Total assets		**11,909**	7,779
Liabilities			
Current liabilities			
Trade and other payables	13	**(150)**	(111)
		(150)	(111)
Net assets		**11,759**	7,668
Equity			
Called up share capital	14	**3,828**	3,078
Share premium account	14	**7,789**	5,729
Reverse acquisition reserve	15	**(1,667)**	(1,667)
Share based payment reserve	15	**130**	78
Retained earnings	15	**1,679**	450
Total equity		**11,759**	7,668

Company Statement of Financial Position

At 30 June 2017

	Notes	2017 £'000	2016 £'000
Assets			
Non-current assets			
Tangible fixed assets	8	-	-
Investment in subsidiaries	10	**2,383**	2,383
Financial assets at fair value through profit and loss	11	**2,347**	1,877
Trade receivables	12	**1,630**	1,200
		6,360	5,460
Current assets			
Trade receivables and other current assets	12	**408**	91
Cash and cash equivalents		**2,316**	754
		2,724	845
Total assets		**9,084**	6,305
Liabilities			
Current liabilities			
Trade and other payables	13	**(57)**	(32)
		(57)	(32)
Net assets		**9,027**	6,273
Equity attributable to equity holders of the Company			
Called up share capital	14	**3,828**	3,078
Share premium account	14	**7,789**	5,729
Share-based payment reserve	15	**130**	78
Retained earnings	15	**(2,720)**	(2,612)
Total equity		**9,027**	**6,273**

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Company statement of comprehensive income. The total comprehensive loss of the Company for the year was £108,000 (2016:£690,000)

The financial statements on pages 30 to 53 were approved by the Board of Directors and authorised for issue on 23 October 2017 and were signed on its behalf by:

James Fish
Finance Director

23 October 2017

Registered number: 06262177

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

Group

	Share capital	Share premium account	Reverse acquisition reserve	Share-based payment reserve	Retained earnings	Total equity attributable to equity holders of the Company
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2015	2,660	5,200	(1,667)	45	(681)	5,557
Issue of shares	418	529	-	-	-	947
Share-based payments	-	-	-	33	-	33
Profit/total comprehensive income for the year	-	-	-	-	1,131	1,131
At 30 June 2016	3,078	5,729	(1,667)	78	450	7,668
Issue of shares	750	2,060	-	-	-	2,810
Share-based payments	-	-	-	52	-	52
Profit/total comprehensive income for the year	-	-	-	-	1,229	1,229
At 30 June 2017	**3,828**	**7,789**	**(1,667)**	**130**	**1,679**	**11,759**

Company

	Share capital	Share premium account	Share-based payment reserve	Retained earnings	Total equity attributable to equity holders of the Company
	£'000	£'000	£'000	£'000	£'000
At 1 July 2015	2,660	5,200	45	(1,922)	5,983
Issue of shares	418	529	-	-	947
Share-based payments	-	-	33	-	33
Loss/total comprehensive expense for the year	-	-	-	(690)	(690)
At 30 June 2016	3,078	5,729	78	(2,612)	6,273
Issue of shares	750	2,060	-	-	2,810
Share-based payments	-	-	52	-	52
Loss/total comprehensive expense for the year	-	-	-	(108)	(108)
At 30 June 2017	**3,828**	**7,789**	**130**	**(2,720)**	**9,027**

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Cash flows from operating activities					
Cash used in operations	18	**(1,214)**	(805)	**(1,218)**	(804)
Taxation paid	6	**-**	-	**-**	-
Net cash used in operating activities		**(1,214)**	(805)	**(1,218)**	(804)
Cash flows from investing activities					
Purchase of tangible fixed assets	8	**(5)**	(2)	**-**	-
Purchase of financial assets at fair value through profit and loss	11	**(33)**	(5)	**(30)**	-
Net cash used in investing activities		**(38)**	(7)	**(30)**	-
Cash flows from financing activities					
Proceeds from issue of equity shares		**3,000**	1,003	**3,000**	1,003
Costs of share issue		**(190)**	(56)	**(190)**	(56)
Net cash generated from financing activities		**2,810**	947	**2,810**	947
Net increase in cash and cash equivalents		**1,558**	135	**1,562**	143
Cash and cash equivalents at beginning of year		**771**	636	**754**	611
Cash and cash equivalents at end of year		**2,329**	771	**2,316**	754

ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

BASIS OF ACCOUNTING

The financial statements of the Group and the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except where IFRS requires an alternative treatment. The principal variations from historical cost relate to financial instruments.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of Frontier IP Group Plc and its subsidiary undertakings. Subsidiary undertakings are consolidated using acquisition accounting from the date of control. An entity is classed as under the control of the Group when all three of the following elements are present: power over the entity, exposure, or rights to, variable returns from its involvement with the entity and the ability of the Group to use its power over the entity to affect the amount of those variable returns.

The Group acts as general partner to the limited partnership RGU Ventures Investment Fund LP in which it holds a 27% interest. The Directors consider that the minority limited partnership interest does not create an exposure of such significance to the variability of returns from those interests that it indicates that the Group acts as anything other than an agent for the other limited partner in the arrangement. This is further supported by the inability of the general partner to change the terms of the investment policy other than with agreement of the other limited partner.

SEGMENTAL REPORTING

The Group operates in one market sector, the commercialisation of university Intellectual Property, and wholly within the UK. Therefore, revenue, profit on ordinary activities before tax and net assets do not need to be analysed by segment.

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment annually. Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. Any impairment is recognized immediately as an expense and is not subsequently reversed.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost less depreciation and any provision for impairment.

DEPRECIATION

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The rates of depreciation are as follows:

Fixtures and office equipment	50% per annum

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of financial position at fair value when the Group becomes a party to the contractual provisions of the instrument.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost less an allowance for doubtful debts.

CASH

Cash and cash equivalents comprise cash at bank and in hand and short term deposits.

INVESTMENTS

Investments are held with a view to the ultimate realisation of capital gains and are recognised and derecognised on the trade date. They are classified as financial assets at fair value through profit and loss and are initially measured at fair value and any gains and losses arising from subsequent changes in fair value are presented in the statement of comprehensive income in the period in which they arise. Investments are classified as non-current assets.

The Group has interests of over 20% but these are not accounted for as associates as the Group elects to hold such investments at fair value in the statement of financial position. IAS28 Investments in Associates and Joint Ventures permits investments held by entities which are similar to venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit and loss.

The fair value of unquoted equity investments is established in accordance with International and Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines"). The Group uses valuation techniques that management consider appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs taking into account any discounts required for non-marketability and other risks inherent in early stage businesses. The Group's investments are primarily in seed, start-up and early-stage companies often with no short term earnings, revenue or positive cash flow making it difficult to assess the value of its activities and to reliably forecast cash flows. Consequently the Group considers that the price of a recent third party funding provides the best estimate of fair value. The Group normally receives its initial equity prior to any third party funding and some companies progress without third party funding. In selecting the most appropriate valuation technique in estimating fair value the Group uses a standard valuation matrix to categorise companies. The valuation matrix is as follows:

1. When the Group has received its initial equity prior to transfer of IP to the company, the company is valued at a notional £50,000 derived from the transaction price at which the Group has recently received equity stakes from its university partnerships and which the Group considers to be a materially correct representation of fair value. This notional value may therefore change over time.

2. Once the IP is transferred to the company, the valuation is increased by between £50,000 and £950,000 depending on the value attributed to the IP. The valuation technique used is the comparable company valuation, specifically comparing the entry price at which investors would typically invest in investor-ready pre-revenue companies with IP and adjusting for management's assessment of the company's IP. The range of values may therefore change over time.

3. When the company commences trading, the Group considers if this indicates a change in fair value. If there is evidence of value creation the Group may consider increasing the value and would seek comparable company valuations to estimate fair value.

4. If the company receives third party funding, the price of that investment will provide the basis for the valuation, the valuation technique being the transaction price paid for an identical instrument. The period of time for which it remains appropriate to continue to use the price of the third party funding round depends on the specific circumstances of the investment. The Group considers whether any changes or events subsequent to the investment would indicate a change in fair value. Any adjustment made is, whenever possible, based on objective data from the company in addition to management's judgement.

5. As the company develops and generates predictable cash flows a combination of valuation techniques are applied as appropriate, such as discounted cash flow, industry specific valuation models and comparable company valuation multiples.

Investment in subsidiary companies is stated at cost less provision for any impairment in value. If the recoverable amount of an investment in a subsidiary is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in the statement of comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the investment in subsidiary is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

TRADE PAYABLES

Trade payables are not interest bearing and are stated at their fair value.

EQUITY INSTRUMENTS

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

CURRENT AND DEFERRED TAX

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled.

Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority, the Group intends to settle its current tax assets and liabilities on a net basis and there is a legally enforceable right to set off.

SHARE OPTIONS

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares or options that will eventually vest. Fair value is measured using the Black-Scholes-Merton pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

REVENUE RECOGNITION

Fees for services provided by the Group are measured at the fair value of the consideration received or receivable, net of value added tax.

Fund management fees, directors' fees and retainers are recognised when the service is provided. Fees for corporate finance work are recognised when the service is provided and the respective transaction has completed.

Where the consideration for services is equity in companies spun out by a university, the Group values the company on initial spin-out at £50,000.

RETIREMENT BENEFIT COSTS

The Group operates a defined contribution retirement benefit scheme. The amount charged to the income statement in respect of retirement benefit costs are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the statement of financial position.

NET ASSETS PER SHARE

Net assets per share represents the net assets at the year-end divided by the number of ordinary shares in issue at the year end.

NEW STANDARDS

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 30 June 2017. The Directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application other than the following:

IFRS 9 Financial Instruments
The standard is effective for periods beginning on or after 1 January 2018.

The standard makes substantial changes to the measurement of financial assets and financial liabilities. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit and loss, fair value through other comprehensive income or measured at amortised cost. On adoption of the standard, the Group will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This is not considered likely to give rise to any significant adjustments other than reclassifications.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in other comprehensive income.

IFRS 15 – Revenue from contracts with customers
The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around the following steps in recognising revenue:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price; and
5. Recognise revenue when a performance obligation is satisfied.

On application of the standard the disclosures are likely to increase. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information.

The standard is effective for periods beginning on or after 1 January 2018. It was endorsed by the EU in September 2016, although a set of subsequent clarifications issued by the IASB has yet to be endorsed.

IFRS 16 – Leases

The standard is effective for periods beginning on or after 1 January 2019, (and can be applied before that date if the Company also applies IFRS 15 revenue from Contracts with Customers) although it is yet to be endorsed for application by the EU. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. IFRS 16 replaces the typical straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for lease assets (included within operating costs) and an interest expense on lease liabilities (included within finance costs).

NOTES TO THE FINANCIAL STATEMENTS

1. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group's business activities are set out in the Strategic Report. These activities expose the Group to a number of financial risks. The following describes the Group's objectives, policies and processes for managing these risks and the methods used to measure them. The Group has only operated in the UK and transacted in sterling. It has therefore not been exposed to any foreign exchange risk.

(a) Market risk

Interest rate risk

As the Group has no borrowings it only has limited interest rate risk. The impact is on income and operating cash flow and arises from changes in market interest rates. Cash resources are held in floating rate accounts.

Price risk

The Group is exposed to equity securities price risk because of equity investments classified on the consolidated statement of financial position as financial assets at fair value through profit and loss. The maximum exposure is the fair value of these assets which is £6,751,000 (2016: £4,673,000).

(b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables and cash equivalents. The Group's current cash and cash equivalents are held with one UK financial institution, the Bank of Scotland plc, which has a credit rating of "P1" from credit agency Moody's, indicating that Moody's consider that the bank has a "superior" ability to repay short-term debt obligations. The concentration of credit risk from trade receivables varies throughout the year depending on the timing of transactions and invoicing of fees. Details of major customers to the Group are set out in Note 3. The Group's customers are primarily early stage and start-up companies and Group management determine impairment of trade receivables through taking into account both trading and fundraising prospects in addition to the financial position and other factors. Management's assessment of impairment is aided through representation on the board and/or through providing advisory services.

The maximum exposure to credit risk for cash equivalents, trade receivables and other current assets is represented by their carrying amount.

(c) Capital risk management

The Group is funded by equity finance only. Total capital is calculated as 'total equity' as shown in the consolidated statement of financial position. The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to manage the cost of capital. In order to maintain the capital structure the Group may issue new shares as required. The Group currently has no debt. There were no changes in the Group's approach to capital management during the year.

(d) Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business in the context of a continuing planned net cash outflow and to invest cash assets safely and profitably. The Board reviews available cash to ensure there are sufficient resources for working capital requirements. At 30 June 2017 and 30 June 2016 all amounts shown in the consolidated statement of financial position under current assets and current liabilities mature for payment within one year except where stated in Note 12.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgements.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Valuation of unquoted equity investments

In applying valuation techniques to determine the fair value of unquoted equity investments the Group makes estimates and assumptions regarding the future potential of the investments. As the Group's investments are in seed, start-up and early stage businesses it can be difficult to assess the outcome of their activities and to make reliable forecasts. Given the difficulty of producing reliable cash flow projections for use in discounted cash flow valuations, this technique is applied with caution. Adjustments made to fair value are, by their very nature, subjective and determining the fair value is a critical accounting estimate. Reasonable possible shifts, which themselves are estimates, are included in Note 11.

(ii) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the stated accounting policy. The recoverable amount is determined using value in use models which require a number of estimations and assumptions about the timing and amount of future cash flows. As future cash inflows relate primarily to capital gains on the sale of unquoted equity investments, these estimates and assumptions are subject to a high degree of uncertainty. Note 9 describes the key assumptions and sensitivity applied.

(iii) Allowance for doubtful debts

The Group estimates an allowance for doubtful debts when the collectability of trade receivables is in doubt. As the Group's trade receivables arise from services to a concentrated number of seed, start-up and early stage businesses the estimates made are subject to a high degree of uncertainty. The allowance for doubtful debts is disclosed in Note 12.

CRITICAL ACCOUNTING JUDGEMENTS

The Group believes that the most significant judgement areas in the application of its accounting policies are establishing the fair value of its unquoted equity investments and the consideration of any impairment to goodwill. The matters taken into account by the Directors when assessing the fair value of the unquoted equity investments are detailed in the accounting policy on investments. The considerations taken into account by the Directors when reviewing goodwill are detailed in Note 9. In addition, the Directors judge that the Group is exempt from applying the equity method of accounting for associates in which it has interests of over 20% as they consider the Group to be similar to a venture capital organization and elects to hold such investments at fair value in the statement of financial position. IAS28 Investments in Associates and Joint Ventures permits investments held by entities which are similar to venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit and loss.

3. MAJOR CUSTOMERS

During the year the Group had four major customers that accounted for 91% of its revenue from services (2016: three customers accounted for 87%). The revenues generated from each customer were as follows:

	2017 £'000	2016 £'000
Customer 1	102	102
Customer 2	48	47
Customer 3	48	43
Customer 4	42	-
	240	192

4. ADMINISTRATION EXPENSES

Expenses included in administrative expenses are analysed below.

	2017 £'000	2016 £'000
Employee costs	**690**	592
Share-based payments	**52**	33
Consultant	**8**	5
Travel and entertainment	**32**	18
Depreciation	**2**	2
Allowance for doubtful debts	**2**	9
Audit services:		
- for the audit of the Company and consolidated accounts	**34**	26
- the audit of the Company's subsidiaries pursuant to legislation	**2**	6
Non-audit services:		
- tax services	**6**	7
- consultancy services	**-**	8
Legal, professional and financial costs	**186**	154
Premises operating lease	**37**	13
Administration costs	**31**	27
	1,082	900

5. DIRECTORS AND EMPLOYEES

The average number of people employed by the Group during the year was:

	2017 Number	2016 Number
Business and corporate development	**7**	5

	2017 £'000	2016 £'000
Wages and salaries	**477**	399
Social security	**66**	57
Pension costs – defined contribution plans	**41**	35
Non-executive directors' fees	**88**	88
Other benefits	**18**	13
Share option expense	**52**	34
	742	626

The key management of the Group comprises the Frontier IP Group Plc Board of Directors. The remuneration of the individual Board members is shown below.

Remuneration comprises basic salary, pension contributions and benefits in kind, being private health insurance and life assurance. The type of remuneration is constant from year to year. Ad hoc bonuses may be paid to reward exceptional performance. Such bonuses are decided by the Remuneration Committee on the recommendation of the Chief Executive Officer. Share options are also awarded to employees from time to time. The granting of share options to individual employees is determined taking into account seniority, commitment to the business and recent performance.

The total remuneration for each director is shown below.

	Salary		Other benefits		Total		Pension	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Executive								
N Crabb	105	101	4	3	109	104	10	10
J McKay	76	74	4	3	80	77	7	7
D Cairns	58	56	-	-	58	56	6	6
J Fish	89	86	2	2	91	88	9	9
Non-executive								
A Richmond	40	40	-	-	40	40	-	-
M Bourne	24	24	-	-	24	24	-	-
C Wilson	24	24	-	-	24	24	-	-
	416	405	10	8	426	413	32	32

6 TAXATION

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below.

	2017 £'000	2016 £'000
Profit before tax	**1,229**	1,131
Profit before tax at the effective rate of corporation tax in the UK of 20% (2016: 20%)	**246**	226
Effects of:		
Non-taxable income	**(409)**	(507)
Expenses not deductible for tax purposes	**16**	19
Trading losses carried forward	**148**	262
Other adjustments	**(1)**	-
Tax charge for the year	**-**	-

The tax asset relating to the Group losses is not recognised, in accordance with Group policy. The Group has a tax asset for cumulative unrelieved management expenses and other tax losses of £751,000 (2016: £710,000) available for use to offset future profits. These amounts are stated using a corporation tax rate of 17% of total losses of £4,416,000 (2016: 19% of total losses of £3,739,000).

There is a deferred tax liability on the difference between base cost and fair value of certain financial assets at fair value through profit and loss which are not exempt from tax through substantial shareholder exemption. There are excess management expenses carried forward in the Company and there is the ability to transfer gains arising in the Group to the Company which would be offset by excess management expenses and no tax liability would be expected to arise.

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of Frontier IP Group Plc by the weighted average number of shares in issue during the year.

	Profit attributable to shareholders £'000	Weighted average number of shares	Basic earnings per share amount in pence
Year ended 30 June 2017	**1,229**	**32,983,190**	**3.73**
Year ended 30 June 2016	1,131	27,722,650	4.08

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market value share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Profit attributable to shareholders £'000	Weighted average number of shares adjusted for share options	Diluted earnings per share amount in pence
Year ended 30 June 2017	**1,229**	**33,897,226**	**3.63**
Year ended 30 June 2016	1,131	27,998,277	4.04

8 TANGIBLE FIXED ASSETS

	Fixtures and equipment £'000
Cost	
At 1 July 2015	4
Additions	2
Disposals	(1)
At 30 June 2016	5
Additions	5
Disposals	-
At 30 June 2017	10
Depreciation	
Accumulated depreciation at 1 July 2015	2
Charge for the year to 30 June 2016	2
Disposals	(1)
Accumulated depreciation at 30 June 2016	3
Charge for the year to 30 June 2017	2
Disposals	-
Accumulated depreciation at 30 June 2017	5
Net book value	
At 30 June 2017	**5**
At 30 June 2016	2

9 GOODWILL

	Group £'000	Company £'000
Cost		
At 1 July 2015, 30 June 2016 and at 30 June 2017	**1,966**	-
Impairment		
At 1 July 2015, 30 June 2016 and at 30 June 2017	-	-
Carrying value		
At 30 June 2017	**1,966**	-
At 30 June 2016	1,966	-

The Group conducts an annual impairment test on the carrying value of goodwill based on the recoverable amount of the Group as one cash generating operating unit. The net present value of projected cash flows is compared with the carrying value of the Group's investments and goodwill. In arriving at a net present value of projected cash flows, two value-in-use models were considered – a weighted distribution of outcomes and values and an individual company dilution model – and within each model assumptions were used for future spin-outs and for the existing portfolio.

The assumptions used in the models are set out below:

	2017		2016	
	Future Spin-Outs	**Existing Portfolio**	**Future Spin-Outs**	**Existing Portfolio**
Initial spin-out equity, being the product of the number of spin-outs and initial equity acquired.	75%	-	60%	-
Equity in existing portfolio	-	4% - 40% *	-	1% - 40% *
Failure rate	40%	Average of 34%	40%	Average of 34%
Dilution	35%	Average of 32%	35%	Average of 30%
Years to exit	5	5 (minimum of 3 years from measurement date)	5	5 (minimum of 3 years from measurement date)
Rate of return	23%	23%	22%	22%
Discount rate (pre tax)	12%	12%	12%	12%
Range of exit values applied to low, medium, high outcomes	£6m - £30m	£6m - £300m**	£6m - £30m	£5.5m - £30m
Value at first/next funding round in individual company dilution model	£1.5m	Carrying values of individual companies at 30 June 2017. Average of £4.8m	£1.5m	Carrying values of individual companies at 30 June 2016. Average of £1.7m

* Actual range of equity at 30 June.
** The range applied is £6m - £30m for all but two of the existing portfolio companies. The value of these two companies at 30 June 2017 exceeded the weighted exit value and therefore high outcomes of £60m and £300m were applied.

Projected cash flows are based upon management approved budgets for service income and overheads for a period of three years and key assumptions over potential investment outcomes in the future. When determining the key assumptions management has used both past experience and management judgement. In particular, the Group has no history of exits due to the early stage profile of the Group's portfolio. No increase or growth has been factored into the model with regard to the key assumptions, or for the projected cash flows after the 3 year budgeted period.

The percentage change required in each assumption in order to cause the recoverable amount to equal the carrying amount in at least one of the models is shown below:

Assumption	Change Required
Initial spin-out equity, being the product of the number of spin-outs and initial equity acquired.	-21%
Failure rate	+24%
Dilution	+39%
Years to exit	+40%
Rate of return	-16%
Discount rate (pre tax)	+22%
Range of exit values applied to low, medium, high outcomes	-22%
Value at first funding round in individual company dilution mode	-17%

The board considers that a reasonably possible change in any of the rate of return or value at first/next funding round assumptions would cause the carrying amount of the cash generating unit to exceed its recoverable amount. The amount by which the recoverable amount exceeds the carrying amount in the individual company dilution model is £2.4m and a 16% decrease in the rate of return from 23% to 19% or a 17% decrease in the value at the first/next funding round from £1.5m to £1.2m would cause the recoverable amount to equal the carrying amount. The amount by which the recoverable amount exceeds the carrying amount in the portfolio model is £3.3m.

The Board considers that the net present value of cash flow from the Group's one cash generating unit is greater than its carrying value.

10 INVESTMENT IN SUBSIDIARIES

	Company 2017 £'000	Company 2016 £'000
At 1 July	**2,383**	2,383
Provision for impairment	**-**	-
At 30 June	**2,383**	2,383

GROUP INVESTMENTS

The Company has investments in the following subsidiary undertakings.

	Country of incorporation	Proportion of ordinary shares directly held by the Company	Proportion of ordinary shares held by the Group
Frontier IP Limited - principal activity is commercialisation of IP	Scotland	100%	
Frontier IP Investments Limited - principal activity is investment in RGU Ventures Investment Fund	Scotland	100%	
Frontier IP Founder Partners Limited - principal activity is founder partner in RGU Ventures Investment Fund	Scotland	100%	
Frontier IP Management Limited - principal activity is an intermediate holding company	Scotland	100%	
Frontier IP GP RG Limited - principal activity is the general partner of the RGU Ventures Investment Fund	Scotland		100%

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
At 1 July	**4,673**	2,859	**1,877**	1,545
Additions	**33**	5	**30**	-
Fair value increase	**2,045**	1,809	**440**	332
At 30 June	**6,751**	4,673	**2,347**	1,877

The investments held are valued individually at fair value in accordance with the Group's accounting policy on investments and have been categorised as being level 3, that is, valued using unobservable inputs. All gains and losses relate to assets held at the year end, and the fair value movement has been shown in the income statement as other operating income.

Financial assets at fair value through profit and loss comprise the following:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Limited partnership interests	**22**	22	**-**	-
Unquoted equity investments	**6,729**	4,651	**2,347**	1,877
	6,751	4,673	**2,347**	1,877

The movement during the year is set out below:

Limited Partnership Interests	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
At 1 July	**22**	47	**-**	-
Additions during the year	**2**	5	**-**	-
Fair value decreases during the year	**(2)**	(30)	**-**	-
At 30 June	**22**	22	**-**	-

Unquoted Equity Investments	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
At 1 July	**4,651**	2,812	**1,877**	1,545
Additions during the year	**31**	-	**30**	-
Fair value increases during the year	**2,069**	2,045	**440**	332
Fair value decreases during the year	**(22)**	(206)	**-**	-
At 30 June	**6,729**	4,651	**2,347**	1,877

The table below sets out the movement in the value of unquoted equity investments by valuation matrix stage during the year:

Unquoted Equity Investments	Valuation matrix stage					
	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Total
	£'000	£'000	£'000	£'000	£'000	£'000
1 July 2016	5	183	105	3,230	1,128	4,651
Fair value increase through other operating income	10	427	80	1,530	-	2,047
Transfers between stages	(10)	10	-	1,128	(1,128)	-
Additions	31	-	-	-	-	31
30 June 2017	**36**	**620**	**185**	**5,888**	**-**	**6,729**

The table below provides information about unquoted equity investment fair value measurements. (See the accounting policy on investments for a description of the valuation matrix stages)

Valuation matrix stage	No of Investments	Fair value	Unobservable inputs	Reasonable possible shift	
		£'000		%	+/- £000
Stage 1	4	36	Initial valuation of new spin-outs at £50,000	20%	7
Stage 2	4	620	Management's assessment of the value of IP transferred.	25%	155
Stage 3	6	185	Management's assessment of performance against milestones, discussions of likely imminent fund raising and considerations of impairment.	30%	56
Stage 4	5	5,888	The price of latest funding round provides unobservable input into the valuation of any individual investment. However, subsequent to the funding round, management are required to re-assess the carrying value of investments at each period end, including assessment of any impairment indicators, which result in unobservable inputs into the valuation methodology. The main unobservable input relates to the assessment of impairment.	10%	589
Stage 5	0	-	Discounted comparable public company valuation. Unobservable inputs into discounted cash flow are forecasts of future cash flows, probabilities of project failure and evaluation of the time cost of money.	30%	-
30 June 2017		**6,729**			**807**

Significant unobservable inputs:
The price of third party funding for Nandi in July 2017 and Exscientia in September 2017 provided significant unobservable inputs into the valuation of these investments at 30 June 2017 of £2,078,000 and £2,174,000 respectively.

12 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade receivables	**476**	336	**111**	70
Receivables from Group undertakings	**-**	-	**1,577**	1,200
VAT	**8**	7	**4**	6
Prepayments and accrued income	**31**	22	**14**	15
Other debtors	**343**	2	**332**	-
	858	367	**2,038**	1,291
Less trade receivables – non current	**(321)**	(144)	**(53)**	-
Less receivables from Group undertakings – non current	**-**	-	**(1,577)**	(1,200)
Current portion	**537**	223	**408**	91

TRADE RECEIVABLES

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade receivables not due	**26**	34	**14**	17
Trade receivables past due 1–30 days	**11**	18	**3**	8
Trade receivables past due 31–60 days	**11**	14	**3**	4
Trade receivables past due 61–90 days	**11**	44	**4**	34
Trade receivables past due over 90 days	**431**	238	**87**	7
Gross trade receivables at 30 June	**490**	348	**111**	70
Allowance for doubtful debt at 1 July	**12**	19	**-**	-
Debts provided for in the year	**2**	12	**-**	-
Debts written off in the year	**-**	(19)	**-**	-
Allowance for doubtful debt at 30 June	**14**	12	**-**	-
Net trade receivables at 30 June	**476**	336	**111**	70

The allowance for doubtful debt relates entirely to trade receivables which are past due. £361,000 of trade receivables are due from Nandi and £165,000 of other debtors is an unsecured loan to Nandi carrying interest at 5%. Subsequent to the year end, Nandi completed a fundraising and repaid the loan. The Group converted £200,000 of trade receivables into shares in Nandi at the fundraising and Nandi has commenced repaying the balance of the trade receivables over eighteen months under a repayment plan. £90,000 of trade receivables are due from Alusid and £165,000 of other debtors is an unsecured interest free loan to Alusid. Alusid is in the process of raising additional funds and the directors are confident that Alusid will be able to raise sufficient funds to finance Alusid's business plan, repay the loan and commence payment of the debt.
Receivables from Group undertakings carries interest of 2.5% (2016: 2.5%).

13 TRADE AND OTHER PAYABLES

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade payables	**40**	12	**27**	4
Social security and other taxes	**20**	20	**-**	-
Accruals and deferred income	**90**	79	**30**	28
At 30 June	**150**	111	**57**	32

14 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares issued and fully paid	Ordinary shares of 10p £'000	Share premium £'000	Total £'000
At 1 July 2016	30,778,520	3,078	5,729	8,807
Issue of shares in the year	7,500,000	750	2,060	2,810
At 30 June 2017	**38,278,520**	**3,828**	**7,789**	**11,617**

On 17 March 2017, the Company conducted a placing of 7,500,000 new ordinary shares of 10p for cash at a price of 40p per share raising £3,000,000 before expenses of £190,000. The Company has one class of ordinary shares which carry equal voting rights, equal rights to income and distribution of assets on a winding-up. The allotted share capital of the company at 30 June 2017 is 38,278,520 ordinary shares of 10p each.

15 RESERVES

The reverse acquisition reserve was created on the reverse takeover of Frontier IP Group Plc. The fair value of equity-settled share-based payments is expensed on a straight line basis over the vesting period and the amount expensed in each year is transferred to the share-based payment reserve. The movement in reserves for the years ended 30 June 2017 and 2016 is set out in the Consolidated and Company Statement of Changes in Equity on page 33.

16 SHARE OPTIONS

Frontier IP has two option schemes, the Frontier IP Group Plc Employee Share Option Scheme 2011 and the Frontier IP Group Plc Unapproved Share Option Scheme 2011. The first is an enterprise management incentive scheme and the second an unapproved share scheme. Under the schemes, options are granted at no less than market value of the shares at the date of grant. No payment is required from option holders on the grant of an option. The options are exercisable starting three years from the date of the grant with no performance conditions. The schemes run for a period of ten years.

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2017 Weighted average exercise price Pence per share	2017 Options ('000s)	2016 Weighted average exercise price Pence per share	2016 Options ('000s)
At 1 July	22.41	2,310,000	19.33	1,335,000
Granted	40.00	496,000	26.63	975,000
At 30 June	25.52	2,806,000	22.41	2,310,000

Of the 2,806,000 outstanding options (2016: 2,310,000) 1,335,000 had vested at 30 June 2017 (2016: 848,389).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise price Pence per share	2017 Number	2016 Number
2023	15.00	848,389	848,389
2024	26.88	486,611	486,611
2026	26.63	975,000	975,000
2027	40.00	496,000	-

The weighted average fair value of options granted to executive Directors and employees during the year determined using the Black-Scholes-Merton valuation model was 11.7p per option. The significant inputs into the model were exercise price shown above, weighted average share price of 37.3p, volatility of 41%, dividend yield of 0%, expected life of 5 years and annual risk free interest rate of 0.41%. Future volatility has been estimated based on 3 years' historical monthly data.

17 Operating Lease Commitments

	2017 Land & Buildings £'000	2016 Land & Buildings £'000
Commitments under non-cancellable operating leases expiring:		
Within one year	**38**	4
Within two to five years	**4**	-
After five years	**-**	-
	42	4

18 Cash Used in Operations

	Group 2017 £'000	**Group 2016 £'000**	**Company 2017 £'000**	**Company 2016 £'000**
Profit/(Loss) before tax	**1,229**	1,131	**(108)**	(690)
Adjustments for:				
Share-based payments	**52**	33	**52**	33
Depreciation	**2**	2	**-**	-
Fair value (gain) on financial assets through profit and loss	**(2,045)**	(1,809)	**(440)**	(332)
Changes in working capital:				
Trade and other receivables	**(491)**	(150)	**(747)**	201
Trade and other payables	**39**	(12)	**25**	(16)
Cash flows from operating activities	**(1,214)**	(805)	**(1,218)**	(804)

19 Related Party Transactions

Neil Crabb is a director of Counterweight Limited, PoreXpert Limited, PulsiV Solar Limited, Celerum Limited, Nandi Proteins Limited and Alusid Limited. Campbell Wilson is a director of Tarsis Technology Limited. All these companies are portfolio companies of the Group. The Group charged fees to these companies and was owed amounts from these companies as follows:

	Fees charged 2017 £'000	**Fees charged 2016 £'000**	**Amounts owed 2017 £'000**	**Amounts owed 2016 £'000**
Nandi Proteins Limited	114	102	526	267
Counterweight Limited	18	15	18	12
PulsiV Solar Limited	58	47	10	16
Alusid Limited	43	43	255	47

The £18,000 owed by Counterweight has been fully provided for.

20 SUBSEQUENT EVENTS

In July 2017 the Group's portfolio company, Nandi Proteins Limited, completed a fundraising. The price of the fundraising was consistent with the valuation of the Group's investment in the company at 30 June 2017 and supports the valuation uplift recognized in the year of £505,000.

In September 2017 the Group's portfolio company, Exscientia Limited, completed a fundraising. The price of the fundraising was consistent with the valuation of the Group's investment in the company at 30 June 2017 and supports the valuation uplift recognized in the year of £1,046,000.

COMPANY INFORMATION

FIVE YEAR RECORD

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Total revenue	2,309	2,030	1,591	786	117
Profit/(loss) from operations	1,227	1,130	646	27	(368)
Net finance income	2	1	1	-	-
Profit/(loss) before tax	1,229	1,131	647	27	(368)
Attributable to:					
Equity holders of the Company	1,229	1,131	647	27	(368)
Net assets employed	11,759	7,668	5,557	4,069	2,751
Basic earnings/(loss) per ordinary share (pence)	3.73	4.08	2.76	(0.13)	(3.51)

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